NamPower
Powering the Nation and beyond

INTEGRATED ANNUAL REPORT
2022

OUR THEME

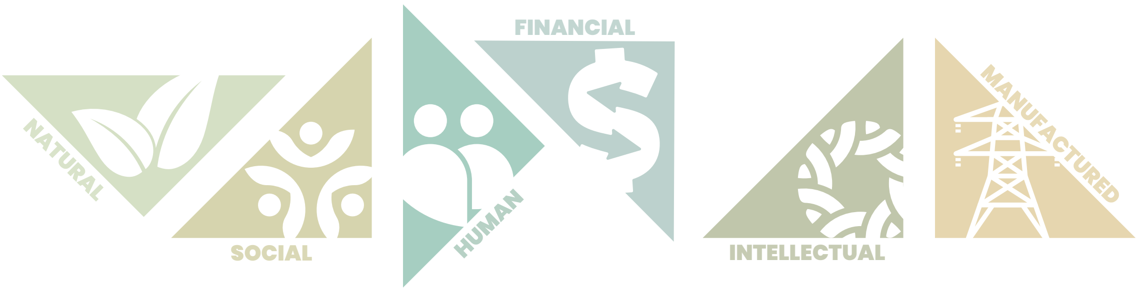
Harnessing our capital stocks for **future prosperity**

Covid-19 has demonstrated that we are all connected, and our ability to create value is inextricably linked to the planet, people and prosperity for future sustainability. Powering the nation resonates with this ideal, always looking beyond where we are today to the future we want to create.

As the national power utility, we have harnessed our capital stocks to ensure the security of supply during a time of great uncertainty and instability. Our human resources' innate strength and sense of duty rose above the external global factors that could have impacted our ability to remain focused on continuing to deliver on our mandate.

We looked beyond our context and constraints and grasped the opportunities that our long-term strategy presented to move beyond incremental progress, harnessing our capital stocks to deliver on our purpose and create value that fuels inclusive economic growth and benefits society responsibly and sustainably.

We will continue to harness our power to make a real, positive contribution to the economy and society for future prosperity. We have a proven track record of ethical leadership and sound governance practices and will not waver in our determination to pursue energy efficiency, sustainability and self-sufficiency for the country.



This year's integrated annual report spotlights our capital stocks, showcasing how each component is integral to achieving our short, medium and long-term strategy.

NATURAL

Harnessing our natural resources to ensure security of supply.

SOCIAL

Investing and ploughing back into communities as a responsible corporate citizen, through Corporate Social Investment.

HUMAN

Tapping into our human capital through their skills and competencies to fulfil our mandate.

FINANCIAL

Using our available funds to achieve our strategy and to deliver on our mandate.

INTELLECTUAL

Using our organisational knowledge, systems and protocols to contribute to the success of our business.

MANUFACTURED

Using our state-of-the-art infrastructure to attain our mandate.

CONTENTS

INTRODUCTION

ABOUT OUR REPORT

NamPower's 2022 Integrated Annual Report serves as a narrative of the year's progress in our journey to create and preserve value for our stakeholders. As our primary means of communication with our main shareholder, the Government of the Republic of Namibia, and other key stakeholders, we strive to ensure that the content in this integrated report contains the most accurate, relevant, and recent material information related to our value creation journey and that it shares our story transparently and clearly.

GLOSSARY OF ICONS USED THROUGHOUT THIS REPORT

OUR STRATEGIC PILLARS

- Unlocking the value of electricity sector collaboration
- Ensuring the security of supply
- Optimising financial sustainability
- Driving organisational and operational excellence

OUR CAPITALS

The resources and relationships on which we depend can be described as different forms of "capital stock" – the assets we need to protect and enhance to achieve our strategic objectives.

- Financial capital
- Social and relationship capital
- Intellectual capital
- Human capital
- Manufactured capital
- Natural capital

OUR KEY STAKEHOLDERS

- Employees and union representative body
- Regulator (Electricity Control Board)
- Government
- Customers
- Media
- Suppliers and service providers
- International/regional relations (Southern African Power Pool)
- Financiers and development finance institutions

INTEGRATED THINKING

This is NamPower's second Integrated Annual Report and expresses the commitment we made in the 2020/2021 financial year to embed integrated thinking and reporting in our organisation as a continuous process that promotes good governance and disclosure practices and considers the relationship between the capitals that we use or affect and the potential trade-offs inherent in our strategic choices.

We strive to report transparently, reflecting both the value created and preserved, as well as the value eroded. By understanding how these elements interact, we can better deliver sustained value for all stakeholders in the short, medium, and long term.

REPORT BOUNDARY, SCOPE, AND FRAMEWORK

This report covers the performance of NamPower for the year ended 30 June 2022.

We have adopted the top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's Framework, the Corporate Governance Code for Namibia (NamCode), the Companies Act, 2004 (Act 28 of 2004), and the Report on Corporate Governance for South Africa 2016 (King IV).

EVOLVING MARKET ESG EXPECTATIONS

The frameworks and standards by which companies report ESG issues are developing rapidly through organisations such as the International Sustainability Standards Board (ISSB). This is in response to increasing interest in how companies respond to sustainability challenges and growing expectations on how they disclose relevant information and data regarding their responsible business activities. NamPower's disclosure of ESG performance is primarily for the attention of the Board and the Executive Management Committee (Exco), with a report on this provided on page 35.

MATERIALITY

This report focuses on those matters that we recognise as having the most material impact on our capacity to create value and to deliver on our core purpose in the short, medium, and long term.

In assessing the issues that impact value creation, an independently facilitated materiality process was conducted, the results of which informed the content and structure of this report. Discussions centred on the significant risks, opportunities, and impacts associated with our activities over the short-term (less than 12 months), medium-term (two to five years), and long-term (beyond five years).

Our approach to managing these material matters is reflected in our operating context (see page 69), the material interests of our stakeholders (see page 71), and the principal risks facing the organisation (see page 76).

TARGET AUDIENCE

This report has been prepared primarily for the attention of our main shareholder, the Government of the Republic of Namibia, current and prospective investors and the regulatory authorities of Namibia (to inform their assessments of our performance).

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements concerning NamPower's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties, and other important factors could materially diverge results from expectations. These may include factors that could adversely affect our business and financial performance.

BOARD OF DIRECTORS RESPONSIBILITY STATEMENT

NamPower's Board of Directors (Board) acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board, having applied its collective mind to the preparation and presentation of the report, believes that it addresses all material matters and offers a balanced view of NamPower's strategy and how it relates to the organisation's ability to create value in the short, medium and long term.

The Board believes that the report adequately addresses NamPower's use of capitals, its effects on these capitals, and the manner in which the availability of these capitals affects NamPower's strategy and business model. We, as the Board, believe that this integrated annual report was prepared in accordance with the International Integrated Reporting Framework. The report, which remains the ultimate responsibility of the Board, is prepared and collated under the supervision of executive management and is submitted to the Audit and Risk Management Committee, which, having reviewed the contents, recommends it to the Board for approval.

The Board, with the support of the Audit and Risk Management Committee, is ultimately responsible for NamPower's system of internal controls, which is designed to identify, evaluate, manage, and provide reasonable assurance against material misstatement and loss.

The consolidated Annual Financial Statements on pages 131 to 280 were audited by our external auditors, PricewaterhouseCoopers. The Integrated Annual Report was issued on 31 January 2023.

D. MOTINGA
Chairperson of the Board

K S HAULOFU
Managing Director

S HORNUNG
Audit and Risk Management Committee
(Board Committee Chairperson)

NAMPOWER'S COMMITMENT TO THE UN SDGs

NamPower voluntarily endorses the United Nations Sustainable Development Goals (UN SDGs) and aims to positively contribute to their achievement by supporting Namibia's fifth National Development Plan (NDP5), the Harambee Prosperity Plan II (HPP II), and by implementing our strategy, thereby supporting, and sustaining the value that the energy sector contributes to the economy and its people, sustainably.

NamPower's contribution to the UN SDGs is described under the respective goals below:

SDG 1

- Increased access to electricity for populations living in rural and peri-urban areas to enhance productive capacity through social and economic activities
- Support of national development plans to reduce poverty through corporate social investments
- Localised procurement strategy that seeks to increase the participation of previously disadvantaged Namibian's (PDN's)
- Provision of thousands of jobs, both direct and indirect, including in communities that otherwise have limited economic opportunities
- Tax payments, including corporate income tax, value added tax on purchases, duties on imports and exports, and payroll taxes

SDG 3

- Risk reduction and management of national and global health risks
- Building and instilling a culture of zero harm that protects our employees and third-party contractors
- Educating consumers about using electricity safely
- Well established safety, health and wellness programmes and initiatives
- Free medical aid benefits provided to staff

SDG 4

- Providing access to vocational education at NamPower's Vocational Training Centre
- Providing bursaries to the youth of Namibia in various fields of study
- Investing in staff development and training, including leadership development programmes

SDG 5

- Implementation of Affirmative Action Policy and Recruitment and Selection Policy
- Gradually increasing the representation of women in the organisation by creating equal employment opportunities and targeting females for promotions, bursaries, and scholarships

SDG 6

- Improving access by Namibian communities to clean water through our CSI initiatives
- Monitoring of water pollution administered through the available legislative instruments
- Groundwater boreholes used by NamPower in areas with no access to water supply from the national water utility, town councils or municipalities are registered with the Ministry of Agriculture, Water and Land Reform (MAWLR), with compliance to permit conditions strictly adhered to

SDG 7

- Main source of local generation, the Ruacana Hydro Power Station, provides the most affordable renewable energy in the country
- The Omburu PV Plant inaugurated during 2022 adds 20 MW of clean and renewable energy to the national grid
- Several other renewable energy projects are at various stages of implementation
- Upholding environmental laws, exploring sustainable energy initiatives

SDG 8

- NamPower provides employment to more than 1,000 employees
- Positive working environment, competitive remuneration packages and conditions of service

SDG 9

- State-of-the-art, reliable, nation-wide electricity infrastructure
- NamPower's "The Grid Online" fibre optic broadband service offering provides Namibia with much needed additional national telecommunications bandwidth

SDG 15

- Policies put in place include the Environmental Policy and Safety Policy, instituted to protect inhabitants, fauna, and flora in areas near NamPower's infrastructure
- Environmental Impact Assessments (EIA) for projects are conducted in line with the Environmental Management Act No.7 of 2007 and the supporting regulations
- Environmental Management plans are drafted to incorporate concerns and mitigation measures to minimise impacts on communities and customers

SDG 17

- NamPower collaborates with a broad range of stakeholders towards the achievement of the SDGs and national development goals

OUR BUSINESS

OUR MANDATE

NamPower is the national state-owned power utility that powers the socio-economic development of Namibia through the provision of bulk electricity supply to all sectors of the economy and its people, specifically where Regional Electricity Distributors (REDs) have not been formed or where municipalities are not able to provide distribution services. NamPower is designated as a commercial public enterprise and as such reports to the Ministry of Public Enterprises (MPE) as per the provisions of the Public Enterprises Governance Act 1 of 2019 ("PEGA Act"). NamPower also has a reporting obligation to the Ministry of Mines and Energy, as the Government entity responsible for establishing policy in the country's energy sector.

NamPower's mandate, as per the Electricity Act 4 of 2007, is to generate, transmit, distribute, supply, and to trade in electricity, which includes the importing and exporting of electricity, to fulfil its role in the changing regulatory and market environment.

NamPower aims to, through the implementation of its Integrated Strategic Business Plan (ISBP 2020 – 2025), ensure a reliable and sustainable electricity supply.

VISION AND MISSION

NamPower's vision and mission statements are supported by the four strategic pillars (see page 15) guiding its strategic direction and behaviour. NamPower will uphold its existing vision and mission statements in pursuing these strategic pillars.

Vision – "To be the leading electricity solutions provider of choice in SADC."

Mission – "To provide innovative electricity solutions, in an evolving market, which satisfy the needs of our customers, fulfill the aspirations of our staff and, the expectations of our stakeholders in a competitive, sustainable, and environmentally friendly manner."

CORE VALUES

NamPower's values express the aspiration to achieve high ethical standards in delivering its mandate; to build a culture of teamwork that will bring out the best in each individual; to focus on serving its customers; and to prioritise the safety and health of our staff and the public at all times.

We care about:

- Customer Focus
- Integrity
- Teamwork
- Accountability
- Empowerment
- Safety, Health and Environment

OUR PERFORMANCE HIGHLIGHTS AND VALUE CREATION AT A GLANCE 2022

AWARDS AND CERTIFICATIONS

NamPower was awarded the Best Performing Public Enterprise in 2021

NamPower Managing Director, Mr Kahenge S. Haulofu received the award for the Best Public Enterprise CEO for 2021

Diesel-powered Anixas Power Station received an ISO 9001: 2015 - Quality Management System (QMS) certification after successfully fulfilling all certification requirements

TOTAL ASSETS FOR THE GROUP

N$49.8 billion

TOTAL ASSETS UNDER CONSTRUCTION

N$1.66 billion

ENSURED

Constant power supply

INCREASED GENERATION INSTALLED CAPACITY

From 489.5 MW to 509.5 MW with the inauguration of the Omburu 20 MW PV Power Station

INCREASED DISTRIBUTION LINES CONSTRUCTED

Additional 93 km distribution lines constructed

GROUND-BREAKING CEREMONY

Khan 20 MW IPP project

OVERALL COMPANY PERFORMANCE INDEX FOR THE YEAR

72%

EMPLOYEE COSTS DECREASED

by 0.41% (from N$996.6 million to N$992.5 million)

SKILLS DEVELOPMENT INVESTMENT

N$5.7 million

LOCALISED PREFERENTIAL PROCUREMENT

N$139 million

25% of goods and services procured locally, exceeding the target of 10%

Participation by previously disadvantaged Namibians (PDNs) **increased by 56 %** during the year - an increase of N$87 million, compared to an increase of N$1.3 million in the prior year

INVESTMENT MADE THROUGH NAMPOWER FOUNDATION AND RURAL ELECTRIFICATION:

N$7.9 million and N$71.7 million respectively

FATALITIES

No NamPower fatalities

OUR FOUR STRATEGIC PILLARS

HOW WE DELIVER ON OUR VISION AND MISSION

Our vision, "To be the leading electricity solutions provider of choice in SADC", motivates us to deliver on our ISBP 2020 – 2025 and the four strategic pillars illustrated below.

The four strategic pillars are driven and guided by specific strategic goals that guide the decision-making and execution of our strategy and our endeavours to create value in the short, medium, and long term.

The ISBP considers the value-addition from all areas of operations of the Company towards fulfilling the strategic objectives over the next three years. The ISBP targets are reviewed annually and motivated based on market factors, information, and company operations.

Vision

"To be the leading electricity solutions provider of choice in SADC."

Mission

"To provide innovative electricity solutions, in an evolving market, which satisfy the needs of our customers, fulfil the aspirations of our staff, and the expectations of our stakeholders in a competitive, sustainable and environmentally friendly manner."

Strategic Pillars and Objectives

Unlocking the value of electricity sector collaboration	Ensuring security of supply	Optimising financial sustainability	Driving organisational and operational excellence
Support the development of the electricity industry and the economy	Optimally expand generation capacity	Increase sales/revenue (growth)	Develop additional capabilities to meet the competitive market requirements
Develop new products and services (solutions)	Optimally expand transmission capacity	Ensure sound liquidity	Achieve and retain top employer status
Support the acceleration of electrification	Leverage regional trading opportunities	Grow shareholder value	Build an ethical, engaging and high-performing culture
	Ensure least-cost electricity supply mix	Maintain profitability	

Values

Customer focus; Integrity; Teamwork; Accountability; Empowerment; Safety, Health, Environment

STRATEGIC GOALS THAT WILL DRIVE AND GUIDE THE FOUR STRATEGIC PILLARS

NamPower will "Optimise financial sustainability" by increasing sales/revenue, ensuring sound liquidity, growing shareholder value, optimising operational cost and efficiencies, and maintaining profitability.

NamPower will **"Unlock the value of electricity sector collaboration"** by supporting the development of the electricity industry and economy, supporting the acceleration of electrification, and developing new products and services.

NamPower will **"Ensure security of supply"** by ensuring a least-cost electricity supply mix, optimally expanding the transmission network, expanding generation, and by leveraging regional trading opportunities.

Lastly, NamPower will **"Drive organisational and operational excellence"** by building an ethical, engaging, and high-performance culture, and retaining top employer status, and by developing additional capabilities to meet new market requirements. New digital technologies and capabilities are key enablers to improve performance and competitiveness.

UNDERSTANDING OUR BUSINESS (WHAT WE DO)

NamPower continues to provide innovative electricity solutions, in an evolving market, to satisfy the needs of our customers, fulfil the aspirations of our staff, and meet the expectations of our stakeholders in a competitive, sustainable and environmentally friendly manner.

NamPower's main sources of installed generation capacity are depicted in the table below:

Power Station Name	Type	Installed capacity	Operating regime
Ruacana Power Station	Run-of-the-River Hydro	347 MW	Variable
Van Eck Power Station	Coal	120 MW	Emergency standby
Anixas Power Station	Diesel/Heavy Fuel Oil	22.5 MW	Emergency standby
Omburu Solar Photovoltaic (PV) Power Station	Renewable Energy	20.0 MW	Variable

In addition to its locally generated electricity, NamPower imports electricity through the Southern African Power Pool (SAPP) via its Energy Trading System to complement supply and meet demand. The availability of local generation dictates electricity imports. On average, NamPower presently imports between 60% and 70% of its energy requirement.

NamPower has increased Namibia's local generation capacity over the years by refurbishing and upgrading its existing plants and collaborating with the private sector to deliver renewable energy capacity to the grid. More recently, and as described in more detail later in this report, NamPower inaugurated its first fully owned and operated renewable energy project, the Omburu 20 MW PV Power Station, during the period under review.

Rapid technology development in Solar PV, wind, biomass and battery storage will enable NamPower to diversify the local generation mix, reduce dependency on electricity imports, and ultimately deliver a sustainable least-cost supply mix to the economy of Namibia. The Omburu 20 MW PV Power Station is an excellent example of such technology.

As part of its efforts to reposition itself and adapt to the current market forces, the utility will vigorously pursue its planned capital generation and transmission expansion plans and projects as part of specific strategic initiatives identified in the ISBP. Planned projects will support NamPower's mandate and continue to power the nation. For more information about these projects, see page 87 to 94.

Our approach isn't just about what we do, but how we do it. Open, honest and transparent reporting has been at the core of our approach, underpinned by a clear purpose and strategic objectives.

TRANSMISSION SYSTEM

NamPower owns a world-class transmission system and a network of 66 kV to 400 kV overhead lines spanning more than 11,690 kms. The national grid is entirely homegrown, designed and built mainly by Namibians. Continuous investments are being made to strengthen and maintain the national grid in a superior condition to ensure an efficient, reliable and effective network with minimal disruptions. NamPower has developed a Transmission Master Plan that provides significant transmission backbone developments across the country. The plan is updated annually to ensure that the Company maintains pace with the evolving electricity needs of the country and ensure security of supply.

NamPower continues to prioritise the planning, development and maintenance of its generation and transmission infrastructure, which are central to its operations, as well as the provision of distribution and rural electrification infrastructure, as part of delivering on its mandate.

GENERATION CAPACITY

- Four power stations
- Total installed capacity of 509.5 MW
- Variable and emergency standby

UNITS INTO THE SYSTEM AND SOLD (GWh)

- Total units into the system: 4,097
- Total units sold: 3,701

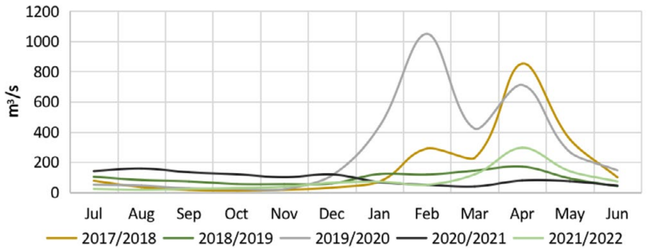
NETWORK CAPACITY

- 11,690 km of high and medium-voltage transmission lines
- 22,809 km's of low voltage distribution lines
- 8,968 MVA transformer capacity

RUACANA POWER STATION

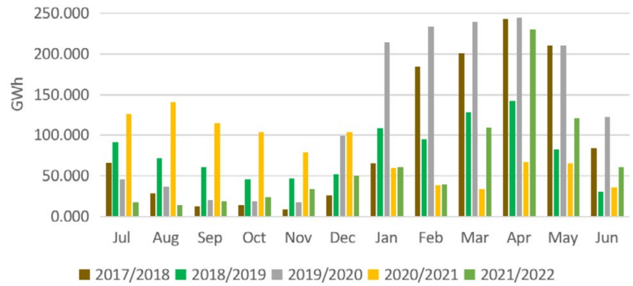
Ruacana Power Station operated mainly as a mid-merit peaking plant for the year, except between March 2022 and April 2022 when late rains were received in the middle-lower Kunene River catchment area. As a result, deficient Kunene River flow figures were recorded for the year as shown in the figure below.

Kunene monthly average river flow



Despite the high Availability and Reliability performance levels of generating units, the energy generated during the year (780.15 GWh) was the lowest recorded for the past ten years due to the significantly lower than normal Kunene River flow. The figure below shows the energy generated and dispatched from Ruacana Power Station during the year, as well as for the past five years.

Energy generated and dispatched from Ruacana



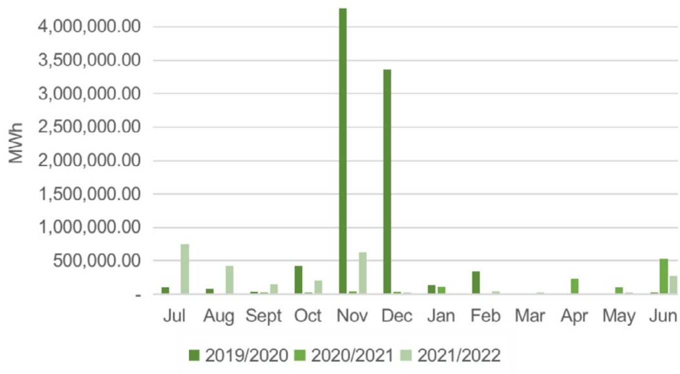
ANIXAS POWER STATION

The 22.5 MW Anixas Power Station at the coastal town of Walvis Bay continues to play an anchor role as a standby emergency power station in NamPower's generation fleet. The power station complies with international standard requirements, generating a safe and reliable electricity supply. It was awarded with ISO 9001: 2015, Quality Management System (QMS) certification under Bureau Veritas Namibia after successfully fulfilling all the certification requirements. It is frequently scheduled to supply electricity during peak periods when the SAPP imports are not sufficient due to energy constraints. With excellent reliability, Anixas has never failed to supply at full capacity when required.

Part of NamPower's rollout on new generation facilities (as described under the status of our generation projects) is the construction of Anixas II, adding an additional 50 MW of quick-start power generation. In the NamPower generation fleet, Anixas and Anixas II combined will become very important as emergency and backup generation capacity for the ever-growing Solar PV power plants during cloud covering conditions. This backup role can be well managed in conjunction with forecasted weather programmes.

The total units sent out for the year was 2,482,767.00 kWh, a decline of 57.66% from the prior year due to less demand for generation from the Anixas Power Station.

Units sent out

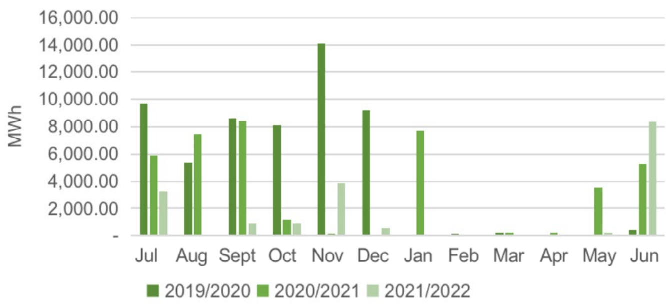


VAN ECK POWER STATION

The total number of units sent out for the year was 17.899 GWh, a 55% decline from the previous year. The decline in production is primarily attributed to the annual maintenance that was carried out during the months of March and April 2022, scheduled to coincide with higher river flows and more favourable generation output by the Ruacana Power Station.

The power station operates as an emergency standby power station and is thus only required to generate power when the tariff is less than the cost of energy available in the market, during planned outages of backbone lines, and during emergencies.

Units sent out

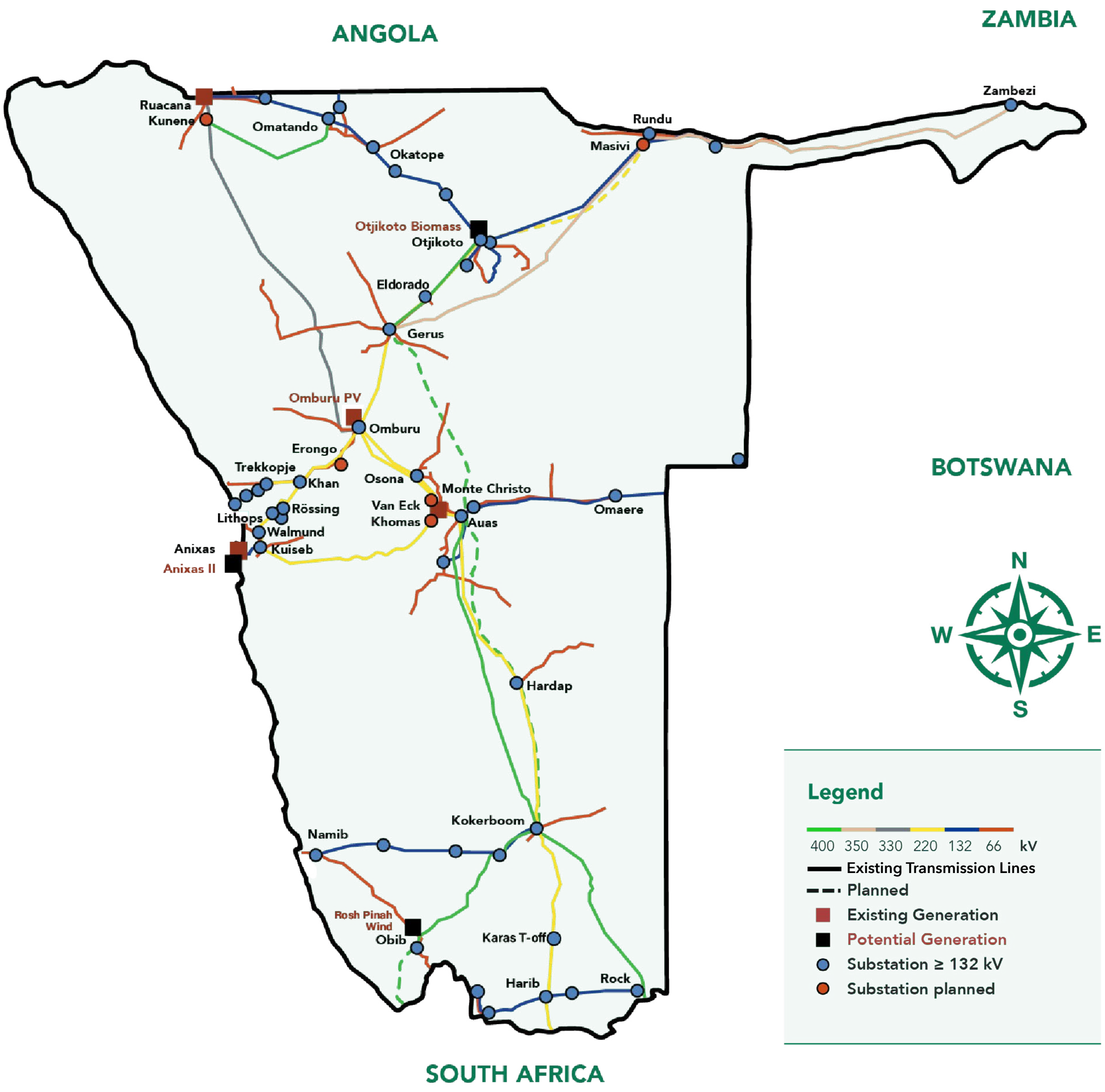


OMBURU 20 MW SOLAR PHOTOVOLTAIC (PV) POWER STATION

The Omburu PV Power Station is NamPower's most recent renewable energy generation project. The power station, situated near Omaruru in the Erongo region, occupies 42 ha and is expected to supply 63 GWh of clean energy annually, catering for about 16,000 to 18,000 middle income households in the country.

Furthermore, the Omburu PV Power Station has been designed and built to be storage ready in case of a need to introduce Generation Shift from standard to peak times, to avail more generation during high demand periods.

TRANSMISSION AND GENERATION MAP



System demand

The highest demand of 637 MW (without Skorpion Mine) was recorded compared to the previous record of 616 MW, representing a 3.4% increase in the system's year-on-year maximum demand.

System minimum and maximum demands

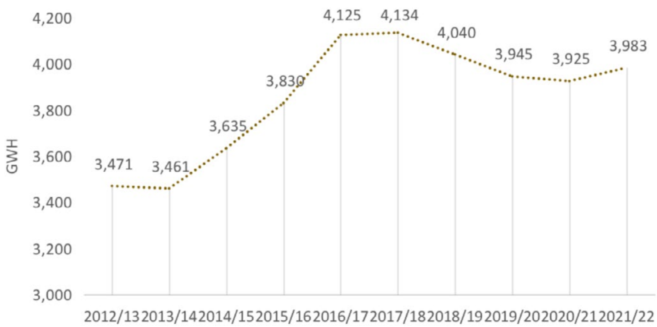
01:00 Monday - 00:00 Friday	
Weekday maximum	638.202
Weekday minimum	331.946
01:00 Saturday - 00:00 Sunday	
Weekend maximum	582.911
Weekend minimum	330.547

Demand growth

NamPower has recorded a positive energy demand growth from 2012/2013 until 2017/2018, whereafter demand declined, with minimal growth recorded during the year under review.

The reduction in energy demand from 2017/2018 until 2020/2021 is attributed to the economic downturn coupled with the Covid-19 pandemic's impact.

Energy demand



Monthly energy demand compared to the previous financial year

The economic slowdown, together with the impact of the Covid-19 pandemic on the monthly fluctuating pattern in terms of energy demand, was not as challenging as in the previous year. This was due to the fact that most industries returned to service after April 2022. In addition, the energy demand slightly increased by 1.47% from 3,925 GWh in the previous year to 3,983 GWh during the reporting period.

2021 vs 2022

Key figures on energy consumption and supply for the year under review:

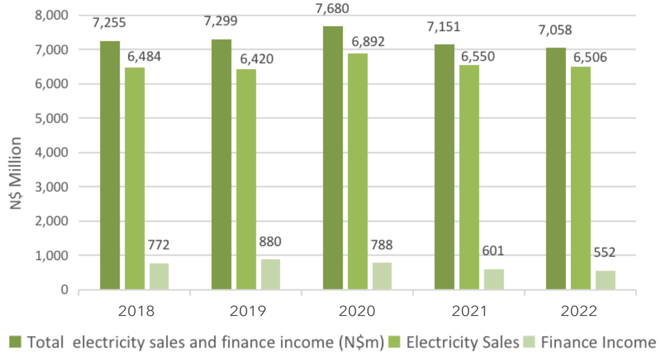
Key figures	2022	2021
Energy consumption	3,983 GWh	3,925 GWh
Local supply	29%	32%
Imports	71%	68%
Additional renewable energy capacity	20 MW	-

CONSOLIDATED KEY STATISTICS

		2022	2021
1.	Total revenue (N$'000)	**6,506,042**	6,549,907
2.	Taxation (N$'000)	**(1,292,542)**	(3,775,593)
3.	Capital expenditure (N$'000)	**1,199,860**	679,010
	Property, plant and equipment	**1,196,918**	660,262
	Intangible assets	**2,942**	18,748
4.	Coal cost per ton (N$)	**1,726.3**	1,809
5.	Average Price per unit sold (Cents/kWh)	**175.6**	170.2
6.	Number of electricity customers	**2,972**	2,924
7.	System maximum (hourly demand) (MW)		
	- Excluding Skorpion	**637**	616
	- Including Skorpion	**638**	617
8.	Units into System (GWh)	**4,097**	4,194
	NamPower (Pty) Ltd	**816**	1,009
	ZESCO	**1,018**	816
	Eskom	**1,253**	1,473
	ZPC	**390**	401
	SAPP Market	**256**	135
	REFIT IPPs and Other IPPs	**364**	360
9.	Units sold (GWh)	**3,701**	3,903
	Customers in Namibia	**3,405**	3,386
	Skorpion Zinc Mine	**-**	3
	Orange River	**127**	132
	Exports	**169**	382

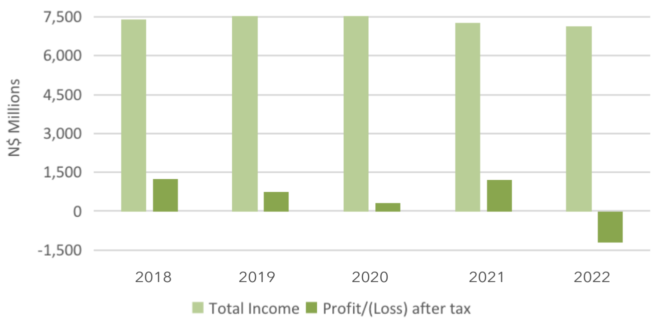
		2022	2021
10.	Installed Generation Capacity (MW)	**509.5**	489.5
	- Ruacana Power Station	**347**	347
	- Van Eck Power Station	**120**	120
	- Anixas Power Station	**22.5**	22.5
	- Omburu PV Power Station	**20**	-
11.	Installed Transmission Capacity (MW)		
	- Zambezi Link Interconnector	**300**	300
	- 400 kV Interconnector	**600**	600
12.	Transmission Lines		
	- 400 kV (km)	**1,179**	1,179
	- 350 kV (km)	**953**	953
	- 330 kV (km)	**522**	522
	- 220 kV (km)	**3,207**	3,207
	- 132 kV (km)	**2,264**	2,264
	- 66 kV (km)	**3,565**	3,575
13.	Distribution Lines		
	- 33 kV (km)	**12,112**	12,036
	- 22 kV (km)	**4,941**	4,922
	- 19 kV (SWER) (km)	**4,611**	4,616
	- 11 kV (km)	**1,145**	1,142
14.	Employees	**1,134**	1,165

Electricity sales and finance income

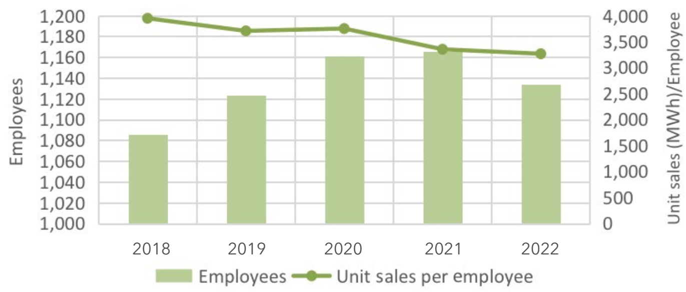


System maximum demand (excl. Skorpion) and unit sales

Total income and profit/(loss) after tax (N$ million)

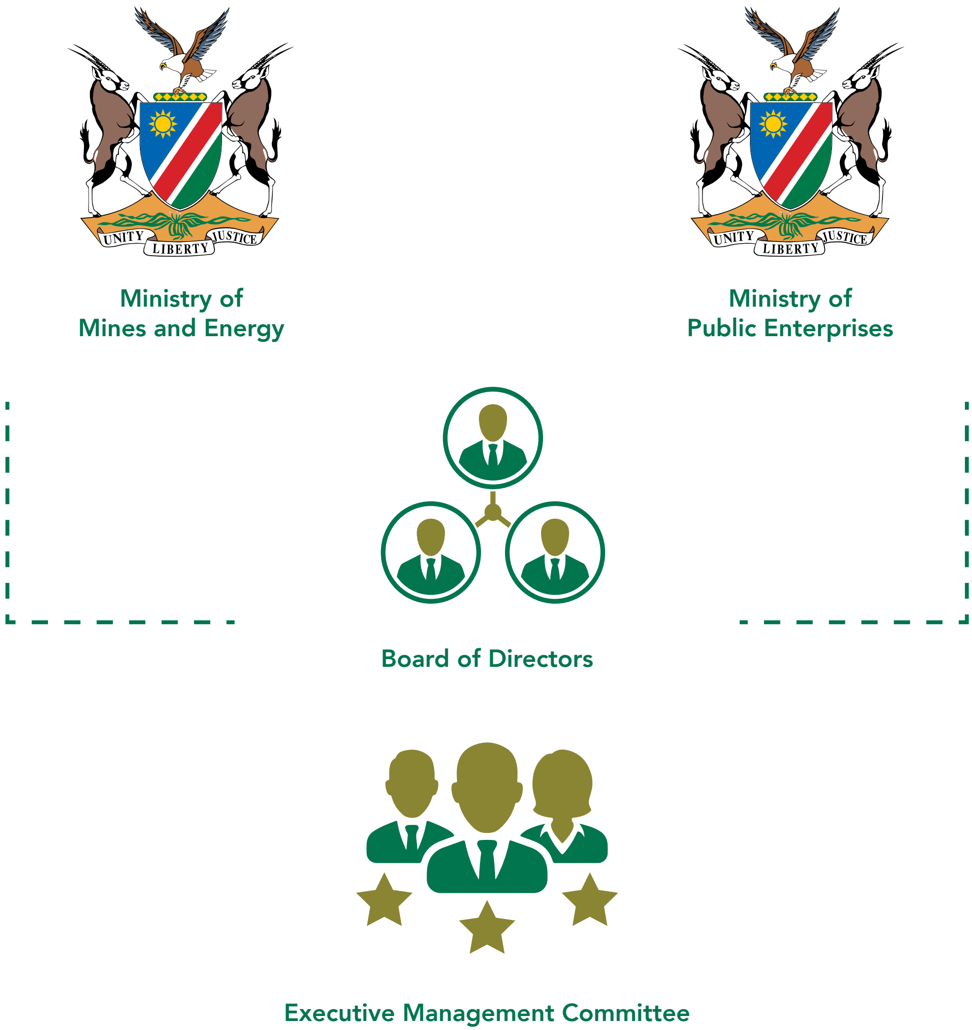


Employee performance



HOW WE ARE MANAGED

NamPower reports to the Ministry of Public Enterprises, which represents the shareholder, and is regulated by the Electricity Control Board of Namibia (ECB). NamPower is overseen by a Board of Directors, which the Ministry of Public Enterprises appoints. The Board of Directors is responsible for ensuring that NamPower follows its strategic objectives and fulfils its mandate.



OUR BUSINESS MODEL
HOW WE CREATE VALUE

NamPower acknowledges the responsibility of serving as a catalyst in developing a vibrant economy, an empowered society, while protecting the environment, as driven by Vision 2030, the Fifth National Development Plan (NDP5), and the Harambee Prosperity Plan (HPP2).

Being keenly aware of the national resources placed in its trust to create lasting returns and developmental impact for the nation, NamPower implements and manages all its projects in a socio-economically and environmentally sustainable manner.

CAPITAL INPUTS (FY 2022)

Financial capital

Revenue used to provide electricity to all consumers in Namibia

Funding sources

The provision of electricity is funded primarily by electricity sales:

- N$ 6.5 billion in electricity sales (2021: N$6.5 billion) (Units sold GWh 3,701, 2021: 3,903)
- Additional revenue is generated from the returns on our investments in interest bearing instruments and interest charged on overdue accounts: N$551.8 million in investment income
- No funding was raised from financiers for capital projects during the year.

Manufactured capital

The infrastructure used (our power stations, transmission and distribution networks, supplemented by IPP capacity) to provide electricity to all consumers in Namibia.

- 11,690 km transmission lines (2021: 11,701 km)
- 22,809 km distribution lines (2021: 22,716 km)
- NamPower generation installed capacity: 509.5 MW (2021: 489.5 MW) (Units into system GWh 4,097)
- The NamPower GridOnline fibre service offering

Human capital

The productivity, skills and experience of our employees and key service providers

- Experienced board and leadership team
- 1,134 employees across Namibia

Social and relationship capital

The quality of the relationships with our various stakeholders and the investment made in our corporate social responsibility programmes that enhance the quality of lives

- Quality relationships with stakeholders including Government and regulator, employees, service providers, the public and the media
- Corporate social investments made in education, health and social welfare, capacity and skills development, and community development
- Rural electrification and Peri-urban development programmes
- Set aside procurement activities for local suppliers

Intellectual capital

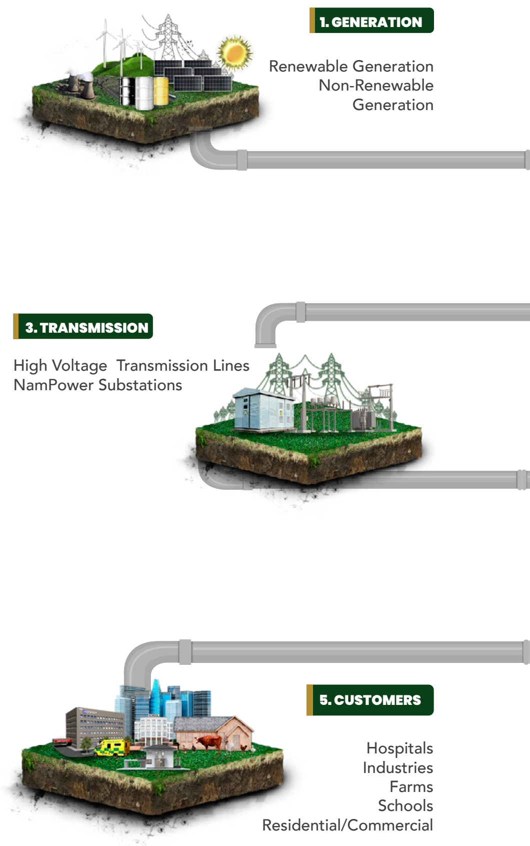
The intangible assets that sustain our ability to provide our products and services

- Governance framework
- Strategy
- Effective internal management systems
- Robust information systems (IS)
- Strong NamPower brand

Natural capital

The renewable and non-renewable natural resources we draw on in delivering our products and services

- 4,097 GWh electricity into system
- 20,223 cubic metres water utilised
- 31,722 tonnes coal consumed
- Renewable Energy projects in development: solar, wind
- 14 Power Purchase Agreements (PPAs) concluded with IPPs in renewable energy under the Renewable Energy Feed-in Tariffs (REFIT) programme



OUR KEY STAKEHOLDERS

- Employees and union representative body
- Regulator (Electricity Control Board)
- Government
- Customers
- Media
- Suppliers and service providers
- International/regional relations (Southern African Power Pool)
- Financiers and development finance institutions

CAPITAL OUTCOMES (FY 2022)

Financial capital

Revenue used to provide electricity to all consumers in Namibia

- Adjusted EBITDA for the year was a negative N$85.9 million (2021: N$818.1 million positive).
- Current ratio of 2.9 (2021: 4.8)
- Increase of 0.5% in GWh units sold to customers in Namibia (2021: increase of 0.7%)
- Total asset base increased to N$49.8 billion (2021: N$45.2 billion)
- N$2.4 billion committed to the generation and transmission projects in the 2022/2023 financial year

Manufactured capital

The infrastructure used (our power stations, transmission and distribution networks, supplemented by IPP capacity) to provide electricity to all consumers in Namibia.

- Well maintained infrastructure
- No load-shedding or power outages
- Additional 20 MW NamPower installed generation capacity
- Additional 93 km distribution lines constructed
- Upgraded IT infrastructure
- The GridOnline and fibre optics rentals generated N$15.3 million

Human capital

The productivity, skills and experience of our employees and key service providers

- N$992.5 million paid in salaries and benefits
- N$5.7 million invested in training provided to more than 50% of its employees

Social and relationship capital

The quality of the relationships with our various stakeholders and the investment made in our corporate social responsibility programmes that enhance the quality of lives

- Areas supported through the NamPower Foundation are education, health and social welfare, capacity and skills development, community development, and flagship projects: N$7.9 million
- N$5.3 million invested in developing national talent capacity through bursaries
- N$6 million invested in developing vocational training skills
- N$42.8 million invested in the rural electrification and peri-urban electrification programmes
- N$848 million paid in various taxes
- N$139 million spent on localised preferential procurement
- 25% of goods and services were procured locally, exceeding the target of 10% for the year

Intellectual capital

The intangible assets that sustain our ability to provide our products and services

- Good corporate governance practices, sound reputation as a credible and trustworthy utility
- Enhanced operational efficiencies through improved IS systems and processes, through the implementation of SAP HANA (high-performance analytic appliance)

Natural capital

The renewable and non-renewable natural resources we draw on in delivering our products and services

NamPower Projects

- Omburu 20 MW Solar PV Project inaugurated
- Rosh Pinah 40 MW Wind Power Project
- Otjikoto 40 MW Biomass Power Project

IPP Projects

- Khan 20 MW Solar PV IPP Project
- Lüderitz 50 MW Wind IPP Project

- 13 REFIT and other IPPs were operational and generated 364 GWh (2020/2021: 360 GWh)

Cost drivers

Our primary cost drivers are:

- Cost of electricity: 78% of revenue direct costs of generation of own generation, cost of electricity purchases and imports
- Employment costs: 15% of revenue employee salaries, benefits and bonuses
- Material costs: 1% of revenue cost of materials used in repair and maintenance of infrastructure
- External services: 5% of revenue costs of services of external contractors for maintenance, security, cleaning, consulting, business improvement project and other services
- Other fixed costs: 3% of revenue post-retirement benefits costs, bursary expenses, accommodation, social responsibility, insurance and other costs

SUSTAINABILITY

As a responsible corporate citizen, it is our duty to conduct our core business activities in a sustainable manner that integrates environmental, social, and economic objectives into everything that we do, while considering the impact our actions may have on the governance of our environment and society.

BASIC POLICY ON SUSTAINABILITY

Namibia's homegrown Vision 2030, adopted in 2004, serves as the country's long-term development framework. The Fifth National Development Plan (NDP5) operationalises the Vision and is informed by global and regional frameworks, including the SDGs. The principle of sustainable development permeates the NDP5, which is organised around four interconnected pillars: economic progression, social transformation, environmental sustainability, and good governance. Its theme, 'Working Together Towards Prosperity', highlights partnerships as a key principle in pursuing national development. Together, the theme and the objectives reflect the five pillars of the 2030 Agenda: people, prosperity, planet, peace and partnership.

Our business approach to sustainability is shaped by the pillars of the 2030 Agenda, the national development plans, and the Renewable Energy Policy, which targets the sourcing of 70% of Namibia's energy from renewable energy sources by 2030, thereby making a significant contribution towards achieving a self-sufficiency target of 80% in the near future.

Increasingly, stakeholders assess how companies approach responsible business through the lens of ESG. There is a close relationship between ESG performance and investor value. As responsible business practices evolve and the reporting landscape develops further, we will continue to adapt our reporting to consider international best practices in the presentation of ESG performance and data.

ENVIRONMENT

NamPower's climate change and renewable energy initiatives are guided by the National Climate Change Policy (NCCP) for Namibia. The NCCP is a legal framework that addresses the impacts of climate change, vulnerable populations, and Namibia's adaptive capacity, and includes sustainable energy and exploration of low-carbon development. Although Namibia is not a significant contributor to greenhouse gasses, the country is not spared from the adverse effects of climate change. The policy recognises Namibia's vulnerability and the risks associated with climate change. It seeks to provide a response tailored to local, regional and national conditions such that the country can effectively and efficiently mitigate and adapt to climate change.

Other government policies aimed at implementing the 2015 Paris climate agreements are:

- National Integrated Resources Plan (2016)
- National Energy Policy (2017)

- National Renewable Energy Policy (2017)
- Rural Electrification Master Plan (2010)

NamPower's Group Environmental Policy sets out the Group's environmental action programmes and action plans formulated every year.

In line with the Group's SHEQ policy statement, NamPower ensures that Environmental Impacts Assessments (EIA) for projects are conducted in line with the Environmental Management Act No.7 of 2007 and the supporting regulations. As a result of the EIA process, interested and affected parties are identified and consulted as part of the EIA to ensure that their concerns are addressed early in the planning stage. Environmental Management plans are drafted to incorporate concerns and mitigation measures to minimise impacts on communities and customers. The EMP are implemented during the project implementation and operational phases. As part of project execution, an Environmentalist forms part of the project team to ensure full implementation of the EMPs and other legal requirements by conducting regular site inspections. The SHEW department conducts SHEW audits on projects to ensure that they are implemented in line with NamPower's environmental policy, procedures, and other legal requirements. Complaint registers are maintained at project sites to ensure that any issues or complaints from communities or interested and affected parties are logged, and appropriate feedback or corrective action is taken to address the complaints.

NamPower's process in undertaking environmental impact assessments and audits on new transmission and generation projects:

In conducting the EIA, the provisions of the Environmental Management Act No. 7 of 2007 and supporting regulations of February 2012 are strictly adhered to. Below is an illustration of the process.

IMPLEMENTATION

- If the Environmental Clearance Certificate (ECC) is issued, the applicant can undertake the project.
- Construction and operation can then commence, guided by the EMP

DECISION

- Submit the final EIA and Environmental Management Plan to MET
- MET consultation with relevant government departments
- MET: Directorate of Environmental Affairs (DEA) to make a decision to issue an ECC

IMPACT ASSESSMENT

- Conduct a detailed environmental assessment

SCOPING

- Public participation
- Site visits
- Draft scoping report
- Interested and affected parties to comment on DSR
- Draft EMP
- ToR for the detailed EIA
- Submit draft EMP and Scoping report to MET

APPLICATION

- Compile and submit an ECC Application to the MET:DEA and MME

SCREENING

- Review the project against Environmental Management Act listed activities.
- Project background Information document is submitted to MET

All projects entail conducting an EIA prior to the start of the project, and the EIA and EMP documents form part of the bidding requirements. Several projects were audited, and the overall average SHEW audit score is 83 % out of 100%.

Our response to the challenges posed by climate change

Power utilities in Southern Africa recognise climate change's negative impact on water resources and energy generation. In response, the Southern African Power Pool (SAPP) is seeking qualified bidders to conduct a climate change vulnerability study and provide adaptation options for member utilities. NamPower is represented on the climate change task team established to ensure the project is executed per the terms of reference (TOR). The project's overall objective is to assess the short, medium and long-term impacts of climate change and climate variability on SAPP member utility infrastructure and to propose adaptation measures to ensure the sustainability of the SAPP member utility infrastructure.

As part of ISBP 2020-2025, NamPower intends to move towards a cleaner fuel mix for electricity generation by increasing generation from renewable energy sources by 100 MW. This will be accomplished by investing in renewable energy generation technologies such as solar photovoltaic (PV), wind, and biomass, in line with Namibia's revised Nationally Determined Contributions (NDCs) targets submitted to United National Framework Convention on Climate Change (UNFCCC).

NamPower is currently implementing renewable projects which will mitigate the impact of climate change by reducing the emission of greenhouse gases (GHGs) in its generation operations. This includes the newly constructed and commissioned 20 MW Omburu Solar PV and more than 100 MW planned generation projects ranging from wind, battery energy storage system, solar, and biomass. More information on these projects is provided on pages 87 to 91.

During the year, Operational Environmental Management Plans (EMPs) were approved for Van Eck and Ruacana Power stations, and the wastewater treatment plant at Ruacana was commissioned.

OUR SUSTAINABILITY COMMITMENTS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Our commitment to responsible environmental practices: Our approach to responsible environmental practices is founded on the Constitution of the Republic of Namibia and international laws and agreements that Namibia is a signatory to, as well as national development policies and regulations supported by NamPower's in-house policies and procedures. (See pages 32 to 33 for detailed information)	**Our commitment to our key stakeholders:** Employees and union representative body Regulator (Electricity Control Board) Government Customers Media Suppliers and service providers International/regional relations (Southern African Power Pool) Financiers and development finance institutions We believe that through the investment made in our human capital and the five core areas of our corporate social investment programmes (education, health and social welfare, community development, capacity and skills development, job creation and entrepreneurship development), we will contribute to building a healthier, empowered, informed, and prosperous society in support of long-term sustainability. (See page 34 for detailed information)	**Our commitment to good corporate governance and ethical leadership:** We believe that good corporate governance is fundamental to the success, sustainability and legitimacy of our Group. Our Group Governance Framework drives top-down governance and our organisational ethics and values set the standards for our corporate governance. Our strategy is supported by sound risk management principles and processes. (See page 34 for detailed information)
Sustainability of resource/biodiversity and land use	Community development	Board structure and composition
Electricity/carbon efficiencies	Job creation	Remuneration
Water usage	Health and safety of employees	Board diversity
Pollution and waste/recycling	Affirmative action compliance	Conflicts of interest
Supply chain and materials (NamPower Equitable Economic Empowerment Policy)	Labour practices and working conditions	Compliance and risk management
	Supply chain (social - NEEEP)	Ethical behaviour
		Tax transparency

Responding to environmental challenges

NamPower responded to the challenge posed by six oil spill incidents posing a risk to transformers that do not have secondary containment (bund walls). Accordingly, budgetary provision has been made to construct bund walls in the 2022/2023 financial year to mitigate this risk and safeguard the environment.

Bioremediation of oil-contaminated soil following oil spills/leaks was conducted at the following sites; Khurub Substation, Gobabis, Tsumeb Substation, Ruacana Eskom yard, Rundu Substation, Uis, and Hardap Substation. NamPower uses an environmentally friendly product to break down oil in the soil using a biological process called bioremediation. This reduces the effect of soil and water contamination and the amount of hazardous waste disposed of at hazardous waste disposal sites.

NamPower recognises the high health risk posed by exposure to asbestos-containing materials. As a result, about 24 tons of material containing asbestos was removed and disposed of at hazardous disposal facilities during the year at the cost of N$2.3 million.

Sustainability of resource/biodiversity and land use
Electricity/carbon efficiencies

Electricity demand has steadily increased in the country, and NamPower has had to look at various mitigation options to reduce energy consumption, such as awareness campaigns to sensitise the nation on saving energy and reducing carbon emissions.

Water usage

The Directorate of Water Resources Management (DWRM) is responsible for developing and managing the country's water resources. DWRM is required to recommend ways to successfully manage the current water resources (surface or groundwater) to ensure sustainable use and protection against acts that may cause degradation. Water pollution monitoring is administered through available legislative instruments; the Water Act of 1956 (Act 54 of 1956) and the Water Resources Management Act of 2013 (Act 11 of 2013).

Surface water quality is monitored quarterly at Van Eck Power Station, Brakwater Depot, and Ruacana Power Station. The monitoring is done to assess the impact of NamPower's operations on the water quality around the surrounding water sources/resources.

The newly constructed Ruacana Power Station Wastewater treatment plant (completed in September 2021) ensures that domestic wastewater is treated before being released into the natural environment.

NamPower uses groundwater (Groundwater Boreholes) in areas with no access to water supply from the national water utility, town councils, or municipalities. The boreholes are registered with the Ministry of Agriculture, Water and Land Reform (MAWLR), and we ensure compliance to permit conditions.

Pollution and waste/recycling Celebrating World Environment Day

- World Environment Day was celebrated at Ruacana Power Station by involving staff and the community in the area in a clean-up campaign at the Otjipahuriro campsite. Participants also planted a vegetable garden at NamPower EHA Lodge to promote self-sufficiency and sustainability.

Clean up campaign at Otjipahuriro camp site as part of the Commemoration of World Environment Day under the theme "Only one Earth"

Garden at Eha Lodge two months after its establishment

SOCIAL

The focus of our stakeholder engagement strategy and plan is to ensure that we, as far as possible, meet the expectations of our stakeholders and, in doing so, make a meaningful and measurable impact across our key stakeholder groups. NamPower's underlying corporate communication objective is providing factual, accurate, consistent and timely reporting based on transparency, accountability and integrity.

NamPower has been a catalyst of socio-economic development for more than two decades. The Company has provided consistency and reliability of power supply to the nation, protecting the environment, uplifting marginalised communities, providing excellent customer service, striving to meet its stakeholders' expectations, and fulfilling its staff's aspirations.

Value is created throughout the entire value chain of its operations. As one of the largest employers in the country, direct employment is provided to more than 1,000 employees and, indirectly, to thousands of citizens employed by suppliers of goods and services. In addition, our local procurement investment continues to support previously marginalised local businesses.

We have stringent safety measures to protect our employees, contractors, and suppliers from harm and several programmes to promote a healthy workforce.

We positively impact the lives of local communities throughout Namibia through several corporate social investment programmes and continue to invest in improving the lives of rural communities by investing in rural electrification projects, described on pages 37 to 38 and on pages 105 to 109.

We enjoy mutually constructive relationships and shared values with our stakeholders, conscious of the collective contribution to sustainable socio-economic growth in the country for the future.

GOVERNANCE

Our commitment to good corporate governance and ethical leadership is described under the section on Governance and Leadership on page 45. Good corporate governance is fundamental to the company's success, sustainability and legitimacy. Our Governance Policies and Framework drives top-down governance, and our organisational ethics and values set the standards for our corporate governance. Our ISBP 2020 – 2025 is supported by sound risk management principles and processes.

Our strategies, plans, and actions aim to manage risks and realise opportunities across NamPower's entire value chain, from our customers to our company operations and suppliers. With sustainability as a guiding principle and business strategy, we are generating positive outcomes for all of our stakeholders.

OUR ESG PERFORMANCE AT A GLANCE

Our value added	Unit	2022
Revenue	Billion	6.5
Income from investments	Million	551.8
Total wealth created	Billion	1.6
Employees (salaries, wages and other benefits)	Million	992.5
Reinvested in the Group to maintain and develop operations	Million	588.4
Depreciation, amortisation and impairment loss	Billion	1.4
Total wealth retained	Billion	1.6
Deferred taxation	Billion	11.2
Total wealth distributed	Billion	1
Employees	No.	1,134
Permanent and fixed-term contract	No.	1,098
Voluntary turnover	%	6.9%
Industrial action	No.	None
Retention rate	%	93.1%
Unionised workforce (MUN)	No.	567
Investments in employee skills development	Million	5.7
Fatalities (NamPower)	No.	0
Lost time injury frequency rate	%	0.71%
Corporate social investment (CSI)	Million	7.9
Water usage and energy consumption	Million	6.8
Environmental audit results	Overall average % score	83% (out of 100%)

Delivering on our mission "to provide innovative electricity solutions, in an evolving market, which satisfy the needs of our customers, fulfil the aspirations of our staff, and the expectations of our stakeholders in a competitive, sustainable and environmentally friendly manner" enables us to boldly strive towards responsibly and sustainably being the leading electricity solutions provider of choice in SADC. We will advance initiatives in the coming year aimed at improving our corporate value and integrating ESG into the value chain of our operations.

OUR IMPACT PROJECTS

Omburu 20 MW Solar Photovoltaic (PV) Power Station

NamPower added 20 MW to its generation capacity by successfully commissioning its new Omburu 20 MW PV Power Station, NamPower's first fully owned and operated renewable energy project, on 29 March 2022. The power station is situated 12 km outside the town of Omaruru in the Erongo Region and covers 42 ha.

The power station, which took 14 months to complete, was built by Hopsol Africa and Tulive Private Equity Joint Venture, costing approximately N$340 million, and was funded by the Electricity Control Board (ECB) through the Long-Run Marginal Cost (LRMC) reserve. About 16,000 to 18,000 middle income households in the country are expected to benefit from 63 GWh of clean energy generated by the power station annually.

The Omburu PV Power Station, including NamPower's other planned renewable energy generation projects, will reduce the overall NamPower tariff to customers through the introduction of affordable "new build" renewable energy to the Namibian grid. The entire workforce involved in the project were Namibians, including the consultants involved in the design, the sub-contractors, and the labourers. The semi-skilled and unskilled labourers were sourced locally from the Omaruru local community.

NamPower's investment in clean energy contributes to Namibia's commitments to the SDGs and ESG factors by:

- Supporting the four major themes of climate change, natural resources, pollution and waste, and environmental opportunities
- Contributing to Namibia's commitment to increase the share of renewable energy as declared in the Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC)
- Supporting the National Renewable Energy Policy and Independent Power Policy, among others, of providing 70% of renewable energy to the country by 2030

The inauguration of the project is a demonstration of NamPower's unwavering commitment to becoming the leading solutions provider of choice in SADC, a catalyst for economic growth in Namibia and in the region.

CREATING VALUE FOR AN INCLUSIVE SOCIETY

In a world where environmental and social issues have become increasingly prevalent in the minds of consumers, businesses can no longer prosper without investing effort in meeting these concerns, which have propelled companies to explore more sustainable and conscientious business initiatives (D'Amato et al., 2009).

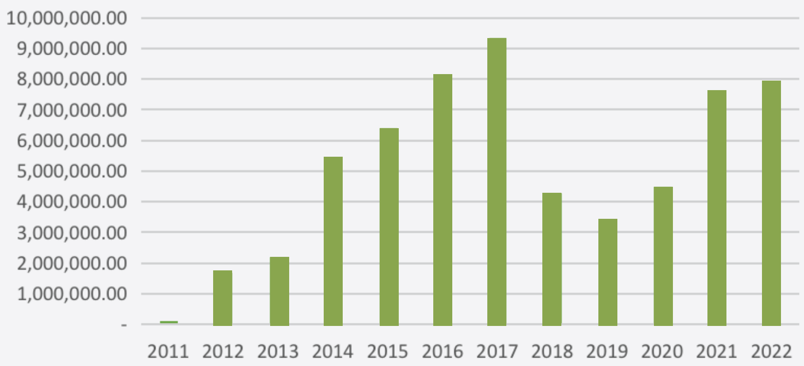
Against the context of the economic and social challenges of the last three years, NamPower remains committed to achieving sustained improvement in Namibian lives through innovative and leading social interventions whilst leveraging resources and expertise to optimal effect. The mission of the NamPower Foundation supports specific SDGs related to our areas of support and supplements the Government's efforts in achieving development goals as formulated within the NDP5, focusing on delivering social investment that supports areas most in need.

NamPower contributes to communities both directly and indirectly through (direct) investment made in the four core areas of our corporate social investment programmes (education, community development, health and social welfare, capacity and skills development) described in this report and (indirectly) through the jobs we create, the local workforce we upskill, the taxes we pay, and the local business opportunities we generate.

In addition to the four core areas of our corporate social investment programmes, NamPower has, in partnership with the Government, made huge investments in rural communities to improve all citizens' living standards. Millions have additionally been invested and continue to be invested annually through the provision of undergraduate, postgraduate, and vocational training bursaries to young aspiring Namibian students in various fields of study related to NamPower's business.

The graph below provides an indication of the investment made by NamPower from 2011 until year ending 30 June 2022.

Amount spend



NamPower has, for the past twelve years, invested more than N$60 million in several corporate social investment programmes across the economy.

NAMPOWER'S CORPORATE SOCIAL INVESTMENT PROJECTS - MAKING A POSITIVE CONTRIBUTION TO SOCIETY DURING 2022

The total investment made in our flagship project (Disability Sport Namibia) and other focus areas (as illustrated below) has increased from N$7.6 million in the prior year to N$7.9 million at year-end. Of the total amount invested, 45% was invested in the education sector, followed by 33% allocated to Disability Sport Namibia, with the balance spread among the remaining focus areas.

The NamPower Social Investment projects are divided into two categories, namely the Social Partnership Projects and the flagship projects. The flagship projects have long-term relations and are thus continually supported, while the social partnership projects are comprised of once-off sustainable donations.

The investment made in CSI programmes during the 2020/2021 and 2021/2022 financial years is depicted in the table below

Focus area	**2022**	**2021**
	(N$)	**(N$)**
Disability Sport Namibia	2,618,851	1,628,102
Education	3,845,212	5,491,052
Community Development	276,522	3,945
Health and Social Welfare	699,779	290,697
Capacity and Skills Development	69,799	213,834
Hochland 154 Roundtable (Medic Rush)	411,880	-
Total	**7,922,043**	**7,627,630**

We believe that, through the substantial investments we've made in our human capital and communities, we will contribute to building a healthier, empowered, informed, and prosperous society in support of long-term sustainability.

EDUCATION

Investment for 2022: N$3.84 million (2021: N$5.49 million)

NamPower actively empowers citizens to enter the workforce by providing them with the necessary education, knowledge, and skills. The desired outcome is for all learners to access equitable and inclusive education that qualifies them to pursue higher education.

Education is one of the fundamental development factors and no country can achieve sustainable economic development without substantial investment in human capital. Education improves the quality of life, leads to broad social benefits for individuals and society, and plays a crucial role in securing economic and social progress and improving income distribution.

Several projects and initiatives in support hereof are listed below.

- A new school hall built for the St. Barnabas Primary School, Khomas Region for N$1.13 million
- Donation of mattresses and beds for various schools in all regions
- Construction of a science laboratory and equipment at the Onankali South Combined School and science equipment for the Okalumbu Combined School - Oshikoto Region
- Construction of classrooms, offices and ablution facilities and furniture for several schools - Oshikoto and Otjozondjupa regions
- Drilling of a borehole and provision of water tanks to the Olavi Sivhute Combined School - Kavango West Region
- Funding of 20 youth in rural areas to complete a three month vocational training course at Cosdec, Otjiwarongo
- IT equipment provided in support of an App developed for the visually and hearing impaired - Khomas Region
- Debushing and fencing of the garden at Hindjou Gardening - Otjozondjupa Region

HEALTH AND SOCIAL WELFARE

Investment for 2022: N$ 1.11 million

NamPower considers the health and wellbeing of the Namibian nation as a key component of a prosperous future and, in this respect, has continued to invest in targeted health and social services-related projects across the country.

As the Covid-19 pandemic continued to impact societies, it remained vital for us to not only maintain but also increase our commitment to the health and social welfare sector. We thus significantly ramped up spending on health and social welfare projects in 2022 to address the backlog created by the pandemic by investing in:

- The construction of Onehanga Health Centre – Ohangwena Region
- Hochland 154 Roundtable (Medic Rush) – Kunene Region

COMMUNITY DEVELOPMENT

Investment for 2022: N$276,522 (2021: N$3,945)

NamPower believes that the value it creates through supporting community development will, over the medium to long-term, ensure self-sufficiency and sustainability, reduce poverty, and increase food security.

Several communities in various regions were provided with support during the year, focused on enhancing their quality of life by being provided with the opportunity of starting income-generating projects. Investment was made in the following:

- Debushing and fencing of Hindjou Gardening Project – Otjozondjupa Region
- Fencing of Mahundu Gardening Project – Zambezi Region
- Provision of gardening tools and fencing equipment to Tipatizane Community Project, Batubaja Village – Zambezi Region

CAPACITY AND SKILLS DEVELOPMENT

Investment for 2022: N$69,799 (2021: N$213,834)

NamPower embraces transformation through capacity and skills development and encourages innovation, creativity and entrepreneurship to expand the country's economy and create employment for young apprentices.

Capacity building and skills development are important components for sustainable development, allowing community members to thrive by strengthening the skills, instincts, abilities, processes, and resources that communities need to survive, adapt, and thrive in a fast-changing world. In addition, being equipped with sufficient resources and necessary skills enables community members to venture into entrepreneurship which will, in turn, lead to the recruitment of fellow community members and the reduction of unemployment. Investment was made in the following:

- Support to E-help T/A Possible Trading CC with IT equipment to improve a visually impaired and hearing-impaired App that they have developed
- Funding of 20 youth in rural areas to complete a three month vocational training course at Cosdec, Otjiwarongo

FLAGSHIP PROJECTS

Our commitment to creating value for an inclusive society will continue if resources allow. The flagship projects are those with a long-term agreement for support, while the social partnership projects are once-off donations.

Disability Sports Namibia (DSN) is the NamPower Foundation's flagship project. DSN, comprised of the Namibia Paralympic Committee (NPC), Special Olympics Namibia, and Namibian National Association of the Deaf, is an organisation that caters to sports people living with disabilities. These sports codes are generally neglected in the mainstream sports arena. Through supporting DSN, NamPower believes that persons with disabilities will, through sports, acquire vital social skills, boost their confidence, develop independence, and become empowered to act as agents of change.

LOOKING AHEAD TO 2022 AND BEYOND

During the 2022/2023 financial year, NamPower Foundation plans to support projects across the country through the development and refurbishment of schools' infrastructure, social welfare related projects and assistance to community development projects.

SUPPORTING INCLUSIVE PROCUREMENT AND BUILDING LOCAL SUPPLY CHAINS

- N$139 million on localised preferential procurement

NamPower is committed to inclusive procurement principles and practices and developing local supply chains that can support businesses with a recognised previously disadvantaged (PDN) compliant status. The principles of NamPower's Equitable Economic Empowerment Policy (NEEEP) guide our approach to inclusive procurement and seek to increase the participation of PDNs.

- N$7.9 million indirect social investment

The principles of the NEEEP are underpinned by five core empowerment pillars upon which the scorecard depicted below is based, aimed at building inclusive procurement and local supply chains through:

- Ownership/shareholding: Economic enablement - creating shared, sustainable value to promote economic growth and improve the quality of life of PDNs
- Management control and employment equity: The percentage of PDNs on the board and top management structure of the bidding entity
- Human resources and skills development: A percentage of gross wages (including VET levy) spent on training
- Entrepreneur development: empowerment and skills transfer contribute to the national developmental programmes. This is especially imperative to ensure that skills in conducting large and complex works are transferred to Namibian PDN entities
- Community investment: To assist in the social upliftment of the communities residing in the localities where projects will be developed

These principles are supported by:

- Sound governance: Adopting a fair and inclusive sourcing process and assisting new suppliers to achieve the required standards of the NEEEP
- Sustainability: Supporting medium to long-term sustainability, looking beyond short-term compliance targets
- Working in partnership: Creating an enabling environment for inclusive procurement through working with internal and external partners, including our major suppliers, communities, government, industry and development institutions

The Procurement section continued to champion the utilisation of NEEEP in all categories of NamPower's procurement methods during the year, with specific scoring criteria incorporated in the bidding process.

If these requirements cannot be enforced, joint ventures, as well as awarding sub-contracts within more complex projects to previously disadvantaged entities, are encouraged.

NEEEP PDN SCORING CRITERIA

Estimated contract value less than N$10 million

Estimated contract value more than N$10 million

***Pillar 1**
Ownership / Shareholding

Shareholding (% Interest)	Score
less than 15 %	2
more than 15% but less 25%	8
more than 15% but less 50%	10
more than 50%	14
Additional points, if shareholding by women / disable persons	
less than 25%	2
more than 25% but less than 50%	4

***Pillar 2**
Management Control and Employment Equity

Scores 10 points, if 50% of the senior management is PDN

Scores 20 points, if 100% of the senior management is PDN

Pillar 3
Human Resources and Skills Development

Scores 10 points, if 1% of the Gross Wages are spent on Training initiatives

Scores 20 points, if 2% of the gross wages are spent on training initiatives

Pillar 4
Entrepreneur Development

Scores up to maximum of 50% points in proportion to the value of its procurement spending on the PDN owned businesses

Pillar 5
Community Investment

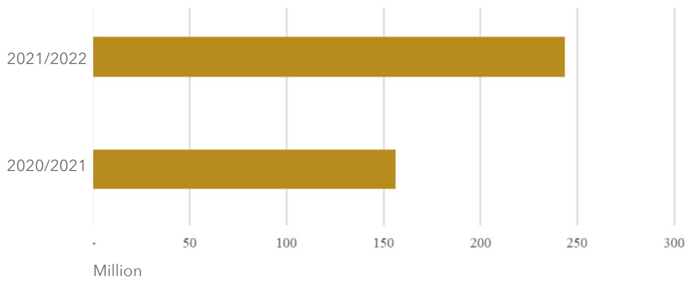
Community Investment Scores 10 points, if 1% of Contract Value is towards Corporate Social Responsibility (CSR) initiatives

Scores 20 points, if 2% of Contract Value is towards Corporate Social Responsibility (CSR) initiatives

*Pillar's 1 and 2 also applies to contracts above N$10 million.

PDN participation increased by 56% during the year, which translates to an increase of N$ 87 million, compared to an increase of N$1.3 million in the prior year.

Total invoices to PDN's 2020/2021 vs 2021/2022 YTD



The substantial increase during the year was due to certain procurement undertakings being set-aside for PDN compliant entities.

Significantly, the Omburu PV Power Project had set-aside procurement activities for local entities of 37% of the project value, with the contractor exceeding this target by 6.75%, and spending 43.75% of contract value on local content by year-end.

The table below provides a summary of the EPC Contractor's reporting during the contract's execution.

	Amount (N$) excl. VAT	% Of EPC contract price
EPC contract	317,172,060	100
Local content guarantee	117,740,319	37.12
Actual local content spend	118,956,192	37.51
Other local content costs	19,808,298	6.25
Total local content spend	138,764,489	43.75

In addition to the above there are set-aside initiatives on the Anixas II Firm Power Plant Project. These activities will be actualised in the coming year.

The targeted amounts per set-aside on the Anixas II Firm Power Plant Project is indicated in the table below:

Set-aside works, services and goods	Amount (N$)	Percentage of contract value
All SHEW type services		
• Site clearing and terracing • Demolition of existing facilities • Bulk earthworks including excavation on site and construction of all road works including upgrades to access roads, internal roads, cable trenches and parking areas	13,888,800	1.04%
• Stormwater drainage and wastewater management, construction of general buildings (i.e., workshops and administration buildings), minor foundations but excluding piling and major foundations	202,186,755	15.12%
• Regional transportation of non-abnormal loads to site	10,054,283	0.75%
• Employment of all unskilled and semi-skilled labour for the complete scope of works (primarily from the Erongo region) • Any other local content spend	113,008,008	8.45%
TOTAL LOCAL PDN AND LOCAL SPEND	**339,137,847**	**25.37%**

As part of the scoring criteria during bid evaluations, bidders are given the option to pledge a certain percentage of their contract value to training needs and community investment initiatives. The NEEEP pledges balance for the year is illustrated below:

Kunene-Omatando contract – NEEEP pledges balance			
	Pledge amount (N$)	Honoured (N$)	Pledge balance (N$)
2% NEEEP Pledge: Training	6,370,051	1,762,737	4,607,313
3% NEEEP Pledge: Community investments	9,555,076	8,310,914	1,244,162

LOOKING TO 2023 AND BEYOND

Capacity-building initiatives in support of sustainable socio-economic development will continue to be strengthened. Greater participation of NEEEP-compliant ventures in NamPower's procurement will be encouraged, and opportunities from executing capital projects will be maximised. In addition, emphasis will be given to the transfer of skills during project execution.

GOVERNANCE AND LEADERSHIP

CHAIRPERSON'S STATEMENT

Mr Daniel Motinga

"Creating sustainable value for all stakeholders is a priority for both the Board and the Executives. Providing earnings stability and predictability should remain of critical importance."

On behalf of the Board of Directors of NamPower, I am pleased to present the company's Integrated Annual Report for the 2021/2022 financial year.

This reporting cycle has seen revenue flatlining against the backdrop of significantly expensive electricity imports. The Group's capacity to augment foreign currency denominated imports with local production was severely curtailed by limited generation by the Ruacana plant. The combined impact of Angola's large water infrastructure developments in the catchment area along with relatively low rainfall in southern Angola contributed greatly to reducing Ruacana's already limited capacity to a mere 781 GWh of energy generated during the reporting cycle, as opposed to 1,505 GWh generated in the 2019/20 financial year. Ruacana is normally a significant contributor to NamPower's in-country generation capabilities.

Consequently, there is a strong negative correlation between our cost of sales and local generation. The cost of electricity supply increased by nearly 14% from N$4.5 billion to N$5.1 billion. Ruacana produces electricity at comparatively low cents per kilowatt hour and thus impacts profitability positively when all turbines are operating optimally. I have pointed out last year that a significant part of the current power generation and distribution investment plan is to de-risk the excessive reliance on imports while simultaneously augmenting the importance of Ruacana. This is a key deliverable for future reporting cycles.

Topline financial performance came under severe pressure for this reporting cycle, with turnover dropping by 5%. One of the key cost drivers is employee related costs, which reduced from N$996.6 million in the previous year, to N$992.5 million for the 2021/2022 financial year. The decreased expenditure was primarily due to no salary increases granted to employees as well as a decrease of 2.7% in the head count (from 1,165 to 1,134).

Operational profitability also worsened compared to the previous financial year, with NamPower posting a loss in excess of N$2 billion at both Group and Company levels. For the first time in many years, even EBIDTA came out negative, a serious blemish on the Group's performance scorecard. NamPower recorded an operating loss before net finance income of N$2.3 billion.

Regarding the distribution of value created, 61% went to employees and 2.9% to our creditors. No taxes are due as a result of the losses and no dividends were declared. Creating sustainable value for all stakeholders is a priority for both the Board and the Executives. Providing earnings stability and predictability should remain of critical importance. Nonetheless, these challenges present a momentous opportunity to provide stewardship to this great and progressive company, one that remains committed to all its stakeholders.

I have served the Board for several years and continue to appreciate leading the Board. I believe the Board has sufficient depth of expertise, covering a broad and diverse spectrum of relevant themes and is thus an effective custodian of NamPower's long term value creation initiatives.

I would like to thank my fellow Board members for their well-considered and robust counsel and guidance during these trying times. The Managing Director and his Executive Committee navigated a challenging terrain with the guidance of the Board through a collaborative leadership approach. I remain deeply grateful to all the employees of NamPower who continue to avail their discretionary energy in furthering the Company's medium to long term strategic objectives.

On behalf of NamPower I wish to extend our thanks to our clients, the shareholder and other stakeholders for their continued unwavering support.

Daniel Motinga
Chairperson

CORPORATE GOVERNANCE FOR SUSTAINED VALUE CREATION

NamPower is committed to the highest standards of governance, business integrity, ethical conduct and professionalism and recognises that these principles underpin its ability to deliver long-term value to the shareholder and stakeholders. The NamPower Board is the custodian of corporate governance in the company and assumes ultimate accountability and responsibility for its performance.

The diversity and experience of the Board are essential for the implementation of the NamPower strategy and the delivery of growth and value to our stakeholders. It is through the experience and skills of individual directors that the company has ensured that it continuously serves in the best interest of all stakeholders.

The governance foundation of NamPower is based on a combination of voluntary and compulsory guidelines founded on the principles and practices of the King Code of Corporate Governance for South Africa 2016 (King IV), the Corporate Governance Code for Namibia (NamCode), the Public Enterprises Governance Act, (Act No.1 of 2019) (PEGA Act), the NamPower Memorandum and Articles of Association and the Companies Act, (Act No. 28 of 2004).

The Board ensures that NamPower is governed ethically and effectively in accordance with sound governance principles, in compliance with the PEGA Act, the Companies Act, the Electricity Act, (Act No. 4 of 2007) through which the Company derives its mandate, as well as relevant legislation binding to its operations, appropriate and relevant non-binding industry codes, as well as NamPower's internal policies and control systems. The Board is satisfied that it fulfilled its fiduciary duties and obligations during the past financial year.

OUR GOVERNANCE PHILOSOPHY

Good corporate governance is fundamental to our business's success, sustainability and legitimacy. Our organisation-wide corporate governance principles, frameworks and risk management practices ensure that we make choices aligned with our purpose, vision, values and strategic objectives and are driven across the organisation. These foundations of governance hold our directors and our employees accountable for their actions and decisions and ensure orderly devolution of responsibility:

- Governance Structures – drives top-down governance, facilitating devolution of responsibility
- Risk Policy Suite – ensures a common set of standards for managing risk
- Delegation of Authority Framework – ensures clear, specific and traceable authority is assigned to appropriate persons through delegation and sub-delegation
- Three Lines of Assurance – establishes clear accountability and ownership for risk management, the control environment and required mitigating actions

GOVERNANCE STRUCTURES				
BOARD	**EXCO**	**CODE OF CONDUCT**	**LEGAL AND COMPLIANCE**	**AUDIT AND RISK**
Our independent Board governs, directs, and has effective control over the Company	Our Executive Committee (ExCo) manages the day-to- day running of the business in line with the tone of governance set by the Board	Our revised Code of Conduct and Conflict of Interest Policy is the overarching guide informing our decisions and guiding our behaviour	This function assesses the legal risks facing the Company and mitigates these by ensuring effective policies, procedures, and contracts are in place	Internal and External audit assesses the extent to which controls are working to ensure compliance and manage business risks

GOVERNANCE OF COMPLIANCE

NamPower, as a corporate entity operating in the Electricity Supply Industry, is subject to numerous laws and regulations which govern its operations. Through setting its strategic objectives, the Board strives to ensure that the Company remains relevant and competitive in the continuous evolution of the regulatory landscape, particularly in the Electricity Supply Industry, through the introduction of the Modified Single Buyer Market Model. In addition, to ensure the Company adheres to the myriad of laws, regulations, codes and internal policies and procedures which govern our business, the Company is updating its compliance risk registers to actively monitor and audit compliance requirements in line with the Compliance Risk Management Framework.

No new material compliance breaches were noted during the year under review, thus reiterating our resolve to monitor, track and audit compliance.

REGULATORY COMPLIANCE

The Board recognises that compliance with legislation is essential to good governance. In this regard, the directors are satisfied with the actions taken by management to ensure compliance with all relevant legislation.

NamPower continues to apply and comply with the provisions of the Companies Act, the Electricity Act, and its internal governance procedures in directing and managing the business. The matters dealt with through the Company's internal governance procedures and subject to the Board's approval include the development and implementation of the ISBP and Annual Business and Financial Plans. The Minister of Public Enterprises has not declared any of the NamPower subsidiaries and associates, specifically Regional Electricity Distributors, as public enterprises in terms of the Public Enterprises Governance Act 1 of 2019. Thus, the Public Enterprises Governance Act 1 of 2019 does not apply to the subsidiaries and associates, but only to the Company.

ROLE AND RESPONSIBILITY OF THE BOARD

The Board is responsible for the strategic direction and overriding control over the Company. The Board guides management in formulating the corporate strategy, setting targets, and developing plans, while being mindful of the impact of the business on its stakeholders, its financial performance, and the environment. The Board also sets the tone for ethical and effective leadership.

The Board is committed to ensuring that sound governance principles are fully integrated into all aspects of the business. The Board discharges its responsibilities and control of NamPower as per the provisions of the PEGA, the NamPower Board Charter, and the Memorandum and

Articles of Association. The Board Charter serves as a guide to the Board in the performance of its functions and outlines its role, responsibility, and procedural conduct and practices regarding Board matters. The Board uses its meetings to discharge its fiduciary, governance and regulatory obligations.

The Board deals with several matters exclusively. These entail, amongst others, the approval of NamPower's Annual Financial Statements; the ISBP and the Annual Business and Financial Plan - which include the correlating budget and cash flow forecasts; the annual capital expenditure budget; significant changes to management and control structures; material investments or disposals; and the Group's overall risk management strategy.

The Board always ensures that its work plan and those of its committees are aligned with the responsibilities as set out in the Board Charter.

BOARD PERFORMANCE ASSESSMENT

During the period under review the Board approved the Board Performance Assessment Policy, but no Board performance assessment was conducted.

The Board performance assessment is an annual formal process, either externally or internally facilitated per the methodology approved by the organisation, aimed at assessing the performance of the Board, its committees, its chairperson and its directors.

GOVERNANCE LEADERSHIP AND REINFORCING AN ETHICAL CULTURE

Under the strategic pillar "Driving organisational and operational excellence", a strategic goal was set to build an ethical, engaging and high-performance culture by aligning strategy implementation with change in behaviour, to transform the NamPower corporate culture.

The Board acknowledges that NamPower exists only with the permission of its stakeholders and that its values form a solid foundation on which the entire organisation conducts itself. The Board and management set the tone and provide clear direction for ethical conduct in the organisation. As a values-based organisation, the Board is committed to the highest standards of integrity and ethics in all its activities. Various Codes of Good Governance, including the NamCode, clearly define the Board's role, emphasising effective leadership established on an ethical foundation.

As a values-based organisation, the Board is committed to the highest standards of integrity and ethics in all its activities.

NamPower's Code of Conduct and Ethics policy was reviewed and approved in June 2021. The Board has also approved Ethics Management interventions to be conducted by the Ethics Institute, a public institution based in South Africa. During the new financial year, the Institute will conduct an ethics risk assessment for NamPower, culminating in the development of an ethics strategy for the organisation.

In ensuring and upholding the NamPower values and ethical behaviour, frequent training and awareness programmes will be conducted with additional initiatives being planned in the coming year. These include:

- The Board, through the Audit and Risk Management Committee, has mandated the Internal Audit section to commence with a procurement process seeking the services of an external service provider to host a Fraud and Ethics Hotline on behalf of NamPower. This procurement process was finalised with Deloitte being appointed to host the Fraud and Ethics Hotline on behalf of NamPower. The purpose of the Hotline will allow individuals to report any ethical concerns through appropriate channels provided by NamPower without any concerns or fear of victimisation or fear of occupational detriment.

These ethical concerns include, but are not limited to:

- Fraud, corruption whether actual, real, attempted, or planned - or any other irregularities
- Failure to comply with a legal obligation
- Dangers to health, safety and the environment
- Disclosures related to the miscarriage of justice
- Conflict of interest
- Procurement irregularities for personal gain
- Any other ethical concerns

The revised Code of Conduct and Ethics policy requires that all employees complete a Declaration of Interest form before being permitted to conduct any outside business.

Corporate sustainability

This Integrated Annual Report contains a detailed Sustainability Report (on pages 28 to 38), which illustrates a clear commitment by the NamPower Board of Directors to ensure that the Board's agenda and decision-making is ESG conscious. Sustainability is also a standing agenda item in the Audit and Risk Committee agenda. The above approach adopted by the Board is to ensure that the Company remains resilient and agile to adapt to material sustainability issues, thus ultimately measuring NamPower's impact on all its stakeholders. During the period under review there has been no major environmental management concerns with a significant risk exposure that required the attention of the Board of Directors, in line with the approved Risk Management Framework.

Information Technology Governance

The Board has assumed the responsibility for IT Governance by setting the direction for how technology and information should be approached and addressed in NamPower. The Audit and Risk Management Committee is mandated by the Board to provide direct oversight responsibility for the effective execution of IT Governance within NamPower. During the period under review, the Committee implemented the reporting process of IT Governance on a quarterly basis.

GOVERNANCE ACTIVITIES FOR THE YEAR – KEY ISSUES DEALT WITH BY THE BOARD IN THE REPORTING PERIOD:

Approval of Policies

New policies:

- Whistleblowing Policy and Procedure
- Code of Conduct and Conflict of Interest Policy
- Politically Exposed Persons Policy
- Board Performance Assessment Policy
- Cyber Security Policy

Revised policies:

- NamPower Employee Health Management Policy
- Dividend Policy
- Policy For Filling Engineering Positions
- Revised Short-Term Incentive Plan Policy
- Job Evaluation Policy
- Recognition of Prior Learning Policy
- Succession Planning and Management Policy
- Bursary Policy
- Hedging Policy
- Budget Policy
- Record Management Policy

- IT Acceptance Policy
- Interest Free Study Loan Policy
- Performance Management Policy
- Leave Policy
- Education, Training and Development Policy

- Approval of Annual Business and Financial Plan and correlating budget
- Approval of the Audited Financial Statements
- Approval of the payment of performance bonus
- Annual General Meeting – approval of the Audited Financial Statements
- Visit to the Ruacana Power Station to understand its operation and current constraints

The key focus areas that received the attention of the Board during the year are described in the table below.

Strategic pillar	Key focus area	Governance outcome
Driving Organisational and Operational Excellence	Review of the conditions of employment and organisational structure	To have a structure that is aligned to the strategy and fit for purpose and to reduce the employment cost
Optimising Financial Sustainability	Voluntary early retirement incentive programme	Reduction of the workforce and payroll
Ensuring Security of Supply	Approved the 100 MW firm Eskom PSA and 80 MW ZESCO PSA	Secured power supply
Optimising Financial Sustainability	Delist from the JSE bond and list new NSX bond	Secure capital project financing

Board and Board Committee meetings

Directorate	
Mr Daniel Motinga	Chairperson
Mr Kahenge S Haulofu	Managing Director
Ms Martha Mbombo	Deputy Chairperson
Dr Detlof von Oertzen	Member
Mr Laurence Kavendjii	Member
Ms Silke Hornung	Member
Mr Evat Kandongo	Member

Board Committee meetings

Board of Directors	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee	Board Procurement Committee	Investment Committee
Meetings held:	6	6	4	4	4
Attendance					
Mr Daniel Motinga	5	N/A	4	4	N/A
Dr Detlof von Oertzen	5	N/A	4	N/A	4
Ms Martha Mbombo	6	N/A	4	4	N/A
Ms Silke Hornung	6	6	N/A	N/A	4
Mr Evat Kandongo	6	6	N/A	N/A	4
Mr Clive Kavendjii	6	4	N/A	4	N/A

BOARD

Meets six times a year
Chairperson: Daniel Motinga

The Board is responsible for the strategic direction and overriding control of the company. It guides management in formulating the corporate strategy, setting targets and developing plans to realise the targets.

The Board also sets the tone for ethical and effective leadership.

AUDIT AND RISK MANAGEMENT COMMITTEE

Meets six times a year

Chairperson: Ms Silke Hornung
Members: Mr Laurence Kavendjii; Mr Evat Kandongo

Mandate: Oversee the quality and integrity of NamPower's Integrated and financial reporting; provide assurance to the Board regarding risk management; review and asses the integrity of internal controls; oversee compliance with legal and regulatory requirements; oversee the qualifications, independence and effectiveness of the internal and external audit functions; ensure effective corporate governance; monitor compliance and provide reasonable assurance regarding the quality, integrity and reliability of compliance risk management; ensure that the manner in which NamPower governs social and ethical performance promotes an ethical culture; oversee the implementation of IT Governance.

Key focus areas for the year: Reviewed finance related policies; evaluated financial reports presented; approved the external audit plan; considered feedback on implementing IT Governance; institutionalisation of ethics in NamPower and property portfolio management; discussed internal audit reports presented; discussed and recommended the budget and audited financial statement for approval; considered the payment of dividend to the shareholder.

REMUNERATION AND NOMINATION COMMITTEE

Meets four times a year

Chairperson: Ms Martha Mbombo
Members: Mr Daniel Motinga; Dr Detlof von Oertzen

Mandate: Make recommendations to the Board on the optimal structure, appointment of staff and recruitment process; oversee the development and implementation of the human resource development plan; consider executive appointment and make recommendations to the Board; ensure the development and upgrading, as necessary, of an effective performance management system and monitor its implementation; review conditions of service and provide a channel of communication between the Board and management on remuneration matters; oversee and manage the performance of the Board and its Committees.

Key focus areas for the year: Received feedback on performance of employees and recommended short term incentive bonus payable; reviewed human capital policies; commissioned the review of the conditions of employment and organisational structure.

BOARD PROCUREMENT COMMITTEE

Meets four times a year

Chairperson: Mr Laurence Kavendjii
Members: Ms Martha Mbombo; Mr Daniel Motinga

Mandate: Consider and recommend the approval of the annual procurement PLAN to the Board, and ensure that it is in accordance with the NamPower budget; consider a quarterly report of all procurement activities conducted; monitor NamPower's compliance with the NamPower preferential requirements (NamPower Equitable Economic Empowerment Policy (NEEEP) as well as the Codes of Good Practice as issued under the Public Procurement Act of 2015; receive and consider strategic Generation and Transmission project reports to ensure compliance with the project timelines as set out in the NamPower Integrated Strategic Business Plan and the NamPower Annual Business and Financial Plan.

Key focus areas for the year: Approved the amended Committee Terms of Reference; approved the Annual Procurement Plan; considered and guided management in terms of strategic generation and transmission implementation projects; noted feedback on the progress of the implementation of transmission projects; provide guidance in the improvement of the NEEEP implementation.

INVESTMENT COMMITTEE

Meets four times a year

Chairperson: Dr Detlof von Oertzen
Members: Mr Evat Kandongo; Ms Silke Hornung

Mandate: Set and review NamPower's investment policies and strategies; establish and maintain investment and borrowing strategies; set criteria and targets for investment portfolio returns and evaluate performance against NamPower performance benchmarks; evaluate and recommend to the Board approval of new loans required for the overall corporate funding requirements; review and recommend banking facilities.

Key focus areas for the year: Approved the amended Committee Terms of Reference; approved the de-listing of the JSE listed Bond programme; reviewed the Project Implementation Framework; considered the investment reports submitted; reviewed investment related policies and recommended for approval.

OUR INTERNAL CONTROL SYSTEM

The Board has overall responsibility for NamPower's Internal Control System and is accountable for reviewing its effectiveness. The Internal Audit function is established by the Board of Directors. It is an independent function within NamPower with its responsibilities defined by the Audit and Risk Management Committee of the Board of Directors as part of their oversight function.

Internal Audit provides objective assurance and consulting services that assists NamPower in accomplishing its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit Charter

The NamPower Internal Audit Charter is approved by the Audit and Risk Management Committee (ARMC) and sets out the purpose, scope, authority, responsibilities, and status of the Internal Audit function within NamPower. It provides all relevant stakeholders with a broad overview and framework of the Internal Audit function.

In fulfilling its responsibilities, the Internal Audit function is guided by the NamPower Internal Audit Procedure Manual, The Institute of Internal Auditors Mandatory Guidance, the Definition of Internal Auditing, the Code of Ethics, and the Standards for the Professional Practice of Internal Auditing (standards).

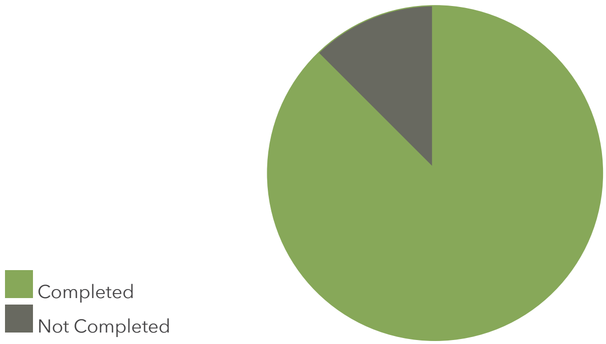
Internal Audit Plan

Audits are derived from the Annual Risk-Based Internal Audit Plan, which ARMC approves. The Audit Plan is compiled based on NamPower's Risk Register and in consultation with Management and ARMC members. Emerging risks and ad-hoc audits are considered throughout the year as and when necessary. In addition, Internal Audit reports quarterly on progress against the approved Internal Audit Plan with audit performance dashboards and detailed audit reports.

OUR 2022 PERFORMANCE

A total of seventeen audits (consisting of 11 new audits and 6 follow up audits) were approved by the ARMC for the 2021 – 2022 financial year. New risks and activities emerged during the year; hence the audit plan could not be fully executed. At the end of the financial year, 82% of the planned audits had been completed as depicted in the chart below.

Overall Audit Plan Completion FY2021-2022



Audits completed during the period

The following internal audits were performed:

- Pricing/Tariff Structure Methodology Review
- REFIT Power Purchase Agreement Compliance Review
- Procurement Process Compliance Review
- Tool of Trade Process Review
- Inventory Control Review

- Information and Data Management (PowerCloud) Review
- Capital project – Okombahe Substation Audit
- IT Equipment Management Process Review

All audit findings are reported to both Management and the ARMC, with corrective actions agreed upon by Management on how to resolve the findings raised. In addition, Internal Audit independently monitors the implementation of the agreed corrective actions and reports the status to the ARMC. Management is committed to resolving the outstanding findings to strengthen the control environment.

LOOKING TO 2023 AND BEYOND

Internal Audit is aiming for a more proactive approach in providing assurance and consulting services as dictated by the maturity of the internal control environment. New audit engagements for the 2022/2023 financial year will be focusing on 85% assurance and 25% consulting activities. We aim to be agile and provide assurance in the shortest time possible by using available technology, such as TeamMate+ audit software, to improve our efficiency. This includes automating the audit findings tracking process whereby the outstanding findings will be monitored, tracked and reported efficiently.

We are implementing the combined assurance programme, which aims to provide a consolidated approach to the assurance provided to Management and the Board. The combined assurance programme will reduce duplications in audit coverage and identify and close assurance gaps. Furthermore, Internal Audit is busy with implementing and operationalising the fraud hotline that will help NamPower combat criminal, corrupt and unethical activities and build an ethical, engaging, and high-performance culture.

BOARD OF DIRECTORS

Tenure 01 October 2020 to 30 September 2023

MR DANIEL MOTINGA
(CHAIRPERSON)

M.A. Economics, University of East Anglia, Norwich, United Kingdom
Date of appointment to the Board:
(Reappointed: 01 October 2020)
Tenure: Five years
Committee assignment: Remuneration and Nomination Committee member; Procurement Committee member

As a renowned economist and researcher, Mr Motinga forms an integral part of the NamPower Board. Publishing research in various fields as well as steering the direction of many organisations as a respected manager and trustee for over 20 years, his vast experience in economics, social policy and sector reform gives him unique insight into the vital role NamPower has on the nation and its industries. He has served as a consulting economist for the banking industry and is currently the Head of Public Sector Banking at RMB Namibia.

MS MARTHA MBOMBO
(DEPUTY CHAIRPERSON)

Master of Business Leadership (MBL), UNISA, South Africa
Date of appointment to the Board:
01 October 2020
Tenure: One year and 8 months
Committee assignment: Remuneration and Nomination Committee (Chairperson); Procurement Committee member

Ms Mbombo is a Human Resources Practitioner with a wealth of knowledge. She holds several degrees, such as a Master in Business Leadership, a Bachelor of Business Administration and a Master of Health Personnel Education. Ms Mbombo started out in Human Resources and Administration in various government ministries. Currently, she serves as a Deputy Executive Director in the Ministry of Gender Equality, Poverty Eradication and Social Welfare in the Office of the President.

DR DETLOF VON OERTZEN

PhD – Physics (High Energy Nuclear Physics), University of Cape Town, South Africa.
MBA (Advanced) - Finance, University of Adelaide, Australia
Pr. Nat. Sci.
Date of appointment to the Board:
(Reappointed: 01 October 2020)
Tenure: Five years
Committee assignment: Investment Committee (Chairperson); Remuneration and Nomination Committee member

Dr von Oertzen is an independent scientific and technical consultant working in the energy, environment and radiation protection sectors. His 30+ years' career has laid the foundation for his broad skills set and expertise, which are further underpinned by extensive collaborative work with international, regional and local energy and electricity actors, including the World Bank, United Nations Development Programme, International Atomic Energy Agency, as well as various ministerial and regulatory authorities responsible for energy, both locally and in the region.

MR LAURENCE C. KAVENDJII

LLB and B. Juris, UNAM, Namibia
Date of appointment to the Board: 01 October 2020
Tenure: One year and 8 months
Committee assignment: Procurement Committee (Chairperson); Audit and Risk Management Committee member

Mr Kavendjii, is an admitted legal practitioner of both the High and Supreme Courts of Namibia, and holds two degrees from the University of Namibia. He started his career as a legal practitioner at Nate Ndauendapo and Associates. Mr. Kavendjii was a full-time lecturer in the Law Faculty at the University of Namibia from 2001 until 2012. He co-founded Kangueehi and Kavendjii Incorporated in 2004 while still lecturing at UNAM. Mr. Kavendjii is the current President of the Law Society of Namibia, and is also a member of the Namibia Law Association.

MS SILKE HORNUNG

CA (Nam) and CA (SA), CIMA/CGMA, University of Pretoria, South Africa
Date of appointment to the Board: 01 October 2020
Tenure: One year and 8 months
Committee assignment: Audit and Risk Management Committee (Chairperson); Investment Committee member

Ms Hornung is a registered Chartered Accountant with vast experience in the accounting and financial fields. She started her career with Deloitte whilst lecturing part time at the then Polytechnic of Namibia and Damelin College in Walvisbay. She also spent some time overseas for Deloitte. After returning to Namibia, Ms Hornung joined Bidvest Namibia, where she held diverse roles in the finance business unit for several years. She joined Pointbreak Wealth Management as Senior Wealth Manager before setting up her own consulting firm.

MR EVAT KANDONGO

B.Sc. Civil Engineering (Pr. Eng.), Tampere University of Technology, Finland
Date of appointment to the Board: 01 October 2020
Tenure: One year and 8 months
Committee assignment: Audit and Risk Management Committee member; Investment Committee member

Mr Kandongo is a registered Professional Civil Engineer who started his career in the private sector before joining the City of Windhoek and later moving on to other entities. He became an Associate Director of Stewart Scott Namibia in 2001. Mr Kandongo is currently the CEO and majority shareholder of Consulting Services Africa. He is involved in a number of energy-related projects with a special focus on renewable energy. He is a trustee of the University of Namibia's Engineering Fund.

EXECUTIVE MANAGEMENT COMMITTEE (EXCO)

MR KAHENGE S. HAULOFU
MANAGING DIRECTOR

Mr Kahenge Simson Haulofu holds a B.Sc. Degree (Honours) in Civil Engineering from the Tampere University of Technology, Finland and is a graduate of the Advanced Management Programme of Harvard Business School in Boston, USA. He is registered as a professional engineer with the Engineering Council of Namibia. He joined NamPower in 1998 as Manager: Construction of Projects and Civil Assets, before he was appointed as General Manager: Engineering Services Department, and subsequently General Manager: Power Generation Department. He has extensive experience in generation and transmission as he has overseen the implementation of various milestone transmission and generation projects locally and regionally.

MR FRITZ C JACOBS
CHIEF OPERATING OFFICER

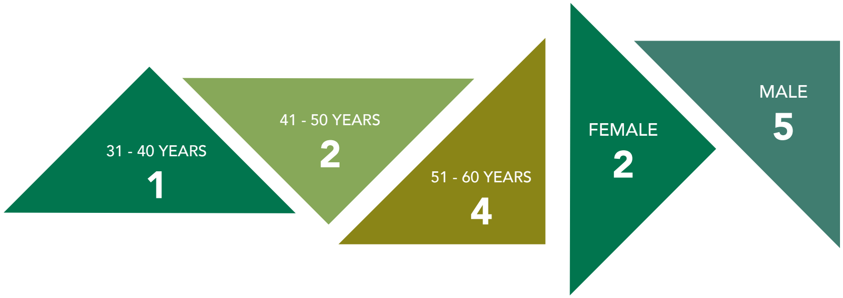
Mr Fritz Jacobs holds a B.Sc. Eng. (Elec) and M.Sc. Eng. (Elec) from the University of Cape Town, South Africa. He is a Pr. Eng. (professional engineer) and FCIS (Chartered Business Administrator). Mr Jacobs has many years of corporate, public and private sector experience, ranging from consulting engineering, strategy, project and contract management, governance to business & executive leadership in the electricity, telecommunications (ICT), education, mining, and the construction environment.

MR GERSON G. RUKATA
EXECUTIVE: GENERATION

Mr Gerson Rukata is a Mechanical Engineer and holds a B.Eng. Degree (Honours) in Agricultural (Mechanical) Engineering from Cranfield University, England. He has 24 years of experience at NamPower, of which the first two were spent on the RSA 400kV Transmission Interconnector Project, the following six on the maintenance of transmission and distribution infrastructure, and the last 16 years were dedicated to the development of electricity power generation projects, where he gained tremendous knowledge and experience.

MS KANDALI IYAMBO
EXECUTIVE: MODIFIED SINGLE BUYER (MSB)

Ms Kandali Iyambo is a seasoned professional, with a robust understanding of the regional and local electricity supply industry. Her professional track record bears witness to her focus on energy trading, strong Power Purchase Agreements (PPAs) negotiation skills, financial modelling, electricity system/market operation, corporate governance, transparency, and value-based organisation. An accomplished Masters in Electrical Engineering (M-Tech), MBA and B-Juris graduate from Cape Peninsula, University of Stellenbosch and University of Namibia, respectively, with over 16 years of experience in the electricity industry, she holds directorships on several companies where she devotes her exceptional strategic skills and her ability to provide oversight in large and small business organisations.



MR BRAAM VERMEULEN

EXECUTIVE: TRANSMISSION

Mr Braam Vermeulen is a Professional Electrical Engineer, registered with the Engineering Council of Namibia. He holds a B.Eng. Degree in Electrical Engineering from the University of Stellenbosch, South Africa. During his 35 years as a self-driven professional engineer, Braam has gained extensive knowledge and experience in the Electrical Supply Industry (ESI) and other engineering disciplines. He currently leads all Transmission grid activities, which include System planning, System security, System operation/maintenance and Transmission grid master planning and implementation.

MS SELMA AMBUNDA

EXECUTIVE: HUMAN CAPITAL

Ms Selma Ambunda holds two Masters Degrees, one in Business Administration from the Australia Institute of Business, and another in Human Resource Development from the University of South Africa, respectively. She is also a graduate of the Management Development Programme of the University of Stellenbosch and is a member of the South Africa Board for People Practice. Ambunda is an experienced human resources executive of over 16 years.

MR MICHAEL GOTORE

CHIEF FINANCIAL OFFICER

Mr Michael Gotore is a Chartered Accountant. He holds an Honours Degree in Accounting, a Post Graduate Diploma in Applied Accountancy from the University of Zimbabwe, and a Master of Science Degree in Leadership and Change Management from Leeds Metropolitan University. Michael has over 22 years' experience in audit, investment banking, asset management and financial management.

OUR OPERATING CONTEXT

MANAGING DIRECTOR'S REPORT

Mr Kahenge Simson Haulofu

We have harnessed our capital stocks to ensure security of supply during a time of great uncertainty and instability. Our human resources' innate strength and sense of duty rose above the macroeconomic factors that could have impacted our ability to remain focused on delivering on our mandate.

I have the pleasure of presenting NamPower's second Integrated Annual Report, under the theme of "Harnessing our capital stocks for future prosperity", specifically chosen to portray how, amidst the immense challenges faced by the Company during the year, NamPower harnessed its combined capital stocks, to ensure reliable security of supply to the nation and its people.

BUILDING A SUSTAINABLE ENERGY SUPPLY FOR THE FUTURE AMIDST A CHALLENGING YEAR

NamPower continued to build a sustainable energy supply for the future amidst an extremely challenging year and can be proud of achieving an overall performance rating of 87% against the target of 75% for the strategic objective of optimally expanding generation capacity, and 100% for the execution of new generation capacity. An excellent performance was furthermore achieved for exceeding the target of new transmission lines constructed, from 260 km to 417 km this year.

These, and other excellent achievements made, came with the challenge of the Ruacana Power Station recording the lowest energy generated for the past ten years, at 780.15 GWh due to the reduced rainfall in the Kunene River catchment area. This resulted in NamPower having to import electricity at a high cost to ensure constant supply. Our financial performance was furthermore impacted by the economic downturn over the past five years, exacerbated by the Covid-19 pandemic from 2019 to 2021,with revenue for the year remaining static at N$6.5 billion due to a decrease of 5% in overall sales volumes (from 3,903 GWh to 3,701 GWh).

Cash generated from operations decreased from N$992.4 million during the previous year to a negative cash generated of N$350.2 million as of 30 June 2022, attributed primarily to the increased cost of electricity and slow collection of revenue from customers. A slight increase of 3.4% in demand (58 GWh) from 617 MW last year, to 638 MW was recorded at year-end.

These factors combined have resulted in the Group posting a loss before interest and tax amounting to N$2.3 billion (compared to a profit of N$1.1 billion in the previous year) for the first time in five years. Several measures to remedy the situation include the implementation of cost-cutting and containment initiatives and a proactive drive to source capital from Development Funding Institutions (DFIs) to support our expansive capital development programme.

A RESILIENT 2022 – OUR PERFORMANCE AGAINST STRATEGY

NamPower remains steadfast and resilient, with significant milestones achieved and awards received during the year. Among these include the commissioning of an additional 20 MW of energy through the inauguration of NamPower's first renewable energy project, the Omburu 20 MW PV Power Station (which increased the local installed generation capacity from 489.5 MW to 509.5 MW); receiving an award for the best performing public enterprise in 2021; constructing an additional 93 km of power lines; and the Anixas Power Station being the first power station of NamPower to be awarded ISO 9001: 2015, Quality Management System (QMS) certification under Bureau Veritas Namibia.

Our overall company performance index for the year was 72% which, given the immense challenges faced by the Company, was an outstanding achievement.

A brief overview of our performance against strategy follows.

ENSURING THE SECURITY OF SUPPLY

NamPower continues to prioritise the planning, development and maintenance of its generation and transmission infrastructure, which are central to its operations as part of delivering on its mandate.

An excellent performance in terms of systems availability of 99.82% was recorded during the year, with no load shedding or system blackouts experienced – an achievement we can all collectively be proud of.

The NamPower Integrated System Plan (ISP) developed will specifically guide and inform investments into current and future transmission, generation, energy trading and demand side management options to meet the strategic objective of achieving 80% of future load demand and reducing dependency from imports. Several projects in various stages of implementation will make a significant contribution to achieving this target over the next few years.

Sustainable energy generation

In response to Government plans to increase the share of renewable energies in electricity generation from 30% to 70% by 2030, we are stepping up investments in renewable energies by 100 MW. This will be accomplished by investing in renewable energy generation technologies such as solar photovoltaic (PV), wind, and biomass, in line with Namibia's revised Nationally Determined Contributions (NDCs) targets as submitted to the United National Framework Convention on Climate Change (UNFCCC).

The first of the significant investments in a sustainable least-cost supply mix is the Omburu MW Power Plant, which was inaugurated during the year, adding 20 MW to the grid.

In addition to the renewable energy projects being implemented (as described under the status of our generation projects) is the construction of Anixas II, adding 50 MW of quick-start power generation. In the NamPower generation fleet, Anixas and Anixas II (combined) will become important as emergency and backup generation capacity for the ever-growing solar PV power plants during cloud cover conditions.

A world-class transmission system and network

NamPower's transmission system and network of 66 kV to 400 kV overhead lines, spanning a distance of 11,690 km, ranks among the best in the world. This required substantial investments to be made to maintain the national grid in a superior condition to ensure an efficient, reliable and effective network with minimal disruptions.
Testimony to NamPower's ambition to deliver sustainable security of supply and a least-cost tariff path that will support economic growth and maintain the company's financial sustainability, is the construction of the 290 km long 400 kV Auas – Gerus transmission line, which commenced in May 2021. The construction of the Auas-Gerus transmission line is part of NamPower's investment in expanding its 400 kV transmission infrastructure backbone, by more than 800 kms.

UNLOCKING THE VALUE OF ELECTRICITY SECTOR COLLABORATION

NamPower values the importance of collaboration with all electricity sector stakeholders to support the development of the industry, accelerate electrification towards universal access, develop new products and services, and to deliver our project profile.

As growth in the volume of Modified Single Buyer (MSB) approvals for contestable customers and eligible sellers continues (with total allocations amounting to 552 MW during the year - or 81% of the available 683 MW in the MSB), it is important for NamPower to prioritise core business investments and maintain profitability.

DRIVING ORGANISATIONAL AND OPERATIONAL EXCELLENCE

NamPower's overall performance index for the year was 72%, indicating high productivity and a good yardstick for strategy execution. In addition, consistently high productivity, above-average customer satisfaction ratings (78%), a high retention rate (93.1%), and a staff turnover rate of 6.9% correlate with NamPower being an employer of choice, an achievement we can be especially proud of.

Guided by a key component of our mission statement being to "fulfil the aspirations of our staff", and in continuing to navigate recovery from the Covid-19 pandemic, concerted efforts were made to keep employees engaged and motivated and maintaining a safe and healthy environment in which our employees can perform to the best of their ability.

Attracting and retaining the right employees with the necessary skills remains a core priority for NamPower, especially given the transformative nature of the electricity supply industry and the skills needed to adapt to rapid change.

Contributing to the value we place on zero harm is the occupational health surveillance programme we have in place, which has positively contributed to no fatalities recorded during the year, and a minimal lost-time injury rate of 0.71%. We will further strengthen our safety, healthy, environment and wellness initiatives by conducting an external SHEW audit to assess the implementation of compliance with ISO 45001 and 14001, as stipulated in the SHEW policy.

Focus continues to be placed on strengthening stakeholder relationships, with several stakeholder engagements conducted with key stakeholders during the year. I can comfortably state that NamPower is considered in high regard and will through its targeted stakeholder management programme, maintain the confidence and trust of our stakeholders in our business.

Innovation is at the forefront at NamPower to ensure the protection of our critical infrastructure and safe and uninterrupted operations. A cyber vulnerability and gap assessment was conducted during the year with several recommendations for action noted. Two external vulnerability scans were also performed during the past year, with all findings resolved.

OUR CONTRIBUTION TO THE SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY

NamPower has, over the past twelve years, invested more than N$60 million in several corporate social investment programmes across the economy. The total investment made in corporate social investment in the current year amounts to N$7.9 million, from an investment of N$7.6 million made during the previous year. In addition to this indirect social investment, an amount of N$139 million was committed to localised preferential procurement, and 25% of goods and services were procured locally (exceeding the target of 10%), in line with the principles of our Equitable Economic Empowerment Policy (NEEEP).

Against the context of the economic and social challenges of the last three years, NamPower remains committed to achieving sustained improvement in Namibian lives through innovative and leading social interventions whilst leveraging resources and expertise to optimal effect. A significant rural electrification project completed during the year was the 60 km long overhead line connecting the localities of Mbalasinte, Kasika and Impalila Island in November 2021 at a cost of N$23.5 million. About 300 households, schools, businesses, and public offices in the respective localities are expected to benefit from this project.

HARNESSING THE POWER OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS

We continue to explore deepening our understanding of sustainability and the environmental, social, and governance factors, recognising these as critical enablers of value creation. As social and environmental concerns, such as climate change and growing inequality, amongst other matters, manifest, we have accelerated this journey, understanding that sustainability as a concept goes beyond going green to rather challenging every decision we make and shifting from incremental to transformational change. We will achieve this by driving our UN SDG commitments and further entrenching an integrated understanding of value creation in the business.

LOOKING AHEAD

NamPower will continuously strive to deliver sustainable security of supply and a least-cost tariff structure that supports economic growth and maintains its financial sustainability. It will simultaneously continue to uphold its corporate values, respecting the regulatory environment, consider its impact on the natural environment, society, and the economy as a whole, with the focus of the ISBP being to create value over the short, medium, and long term. At the centre of these key deliverables are our people, who remain a focal point for the successful implementation of our strategy.

We anticipate challenges along the way, mainly depending on the world's recovery from the protracted COVID-19 pandemic. These include fluctuating currencies, monetary policies, market demand, and commodity pricing. These factors influence the inflation rate and our suppliers' capacity to deliver on their commitments. Therefore, we need to factor a least cost and sustainable energy supply mix into critical decision-making and garner support from our custodian ministry, regulator, and entire electricity supply industry to ensure that we meaningfully address local energy demand while delivering shared value with positive socio-economic impact.

APPRECIATION

I want to thank the NamPower Board members for their sound leadership and guidance during the year and for charting the way forward. Thank you for your trust in us as a management team. To our stakeholders, we thank you for your continued support and collaboration. Finally, my thanks go out to the entire NamPower team. This was an incredibly challenging year for us on multiple levels. Still, despite this, our team has continued to work tirelessly to serve our country and our stakeholders and help build a company and future of which we can all be proud.

Kahenge Simson Haulofu
Managing Director

NAMPOWER OPERATING CONTEXT

THE EXTERNAL ENVIRONMENT

NamPower is the largest Electricity Supply Industry (ESI) player in Namibia, with the responsibility of being the Supplier of Last Resort in the Modified Single Buyer (MSB) Framework. The market is evolving rapidly, with increasing applications from eligible sellers and contestable customers.

A number of license awards were made by the Regulator during the financial year July 2021 to June 2022, to such an extent that we have had to constantly review the emerging opportunities and challenges to ensure the security of supply and sustainability of our business. Furthermore, NamPower needs to keep abreast with the depth and extent of the penetration of renewables into the entire Namibian electricity network since demand level variations have a direct impact on managing the adequacy of emergency power supply due to increasingly fluctuating load patterns and other such factors.

In addition to the aforementioned, the intermittency of water availability in the Kunene Basin experienced during the year posed some challenges to the predictable operation of the Ruacana Power Station. While multiple factors can be considered for our operating context, we highlight the following principal developments in the market as pivotal to influencing our business in the future.

GREEN ENERGY AND GREEN HYDROGEN

Since the commencement of the Green Hydrogen Project, the focus and impact of the combined magnitude of between 5,000 to 7,000 MW of renewable power to be generated for the project, as well as what may be available for off-take, have become critical considerations for our business. Collaboration with Government and ensuring representation for NamPower's future sustainability is therefore essential.

FAST GROWING MSB APPROVALS

The volume of MSB approvals for contestable customers and eligible sellers grew during the year, with total allocations amounting to 552 MW (or 81% of the available 683 MW in the MSB). The approvals are converted to power (MW) from 30% of the annual energy consumption of the contestable or eligible sellers.

In addition to the above, roof-top installations and net-metering installations which are below the license requirement threshold, are increasingly being made in the Regional Electricity Distribution (REDs) areas, adding to the penetration of renewables into the entire grid.

NamPower is required to be the supplier of last resort within the MSB Framework, a responsibility we consider critical to maintaining the security of supply, market stability and fulfilment of our mandate. It will be regarded as good emerging practice for all ESI players to maintain updated information on the penetration of renewables in their mandated areas so that an appropriate ESI forum would be empowered to share information contributing to ensuring the security and stability of supply. While the market is fast evolving NamPower must prioritise core business investments and maintain profitability.

BAYNES HYDRO PROJECT AND WATER FLOW IN THE KUNENE RIVER

The increasing unpredictability of the river flow in the Kunene Basin requires us to engage with our key role players and stakeholders regarding the management of the water resource within the Kunene River for the mutual benefit of both Namibia and Angola. Regional collaboration and mutual understanding are key to ensuring adequate long-term utilisation of the water resource by both countries. It is envisaged that the development of the Baynes Hydro project will hold significant benefits for the two countries and present various socio-economic impacts on the communities around the dam.

REGIONAL POWER SHORTAGES

The continued growth of energy needs in the southern African region is a strong indicator of macroeconomic growth. However, shortages in meeting demand will hamper the much-needed stimulus of economic growth and activities. It is, therefore, imperative for all key utilities and the private sector to accelerate all avenues available for the development of generation capacity, accompanied by relevant key transmission corridors in the region. These accelerated investments will foster local and investor confidence, grow regional economic development, and guarantee the security of supply in the Southern African Power Pool.

REGIONAL ELECTRICITY SUPPLY COSTS

NamPower recently entered into regional power supply agreements with national utilities in the southern African egion. These agreements are aimed at continuing and ensuring the adequacy of supply. With the evolution towards cost-reflective tariffs in the region and envisaged regional tariff increases, NamPower will continue to ensure the suitability and sustainability of supply options to minimise the detrimental impact of increased tariffs on the local market while fostering sustainability over the medium- to long-term.

MAJOR OIL AND GAS DISCOVERIES

Namibia is poised to benefit from recent announcements of significant oil and gas discoveries. The upstream, downstream, and related industry developments are expected to trigger further investments in electricity infrastructure requirements. Namibia is geared to leverage the development and beneficiation of these oil and gas discoveries while ensuring the transition to green energy sources in the long term.

INTEREST RATE AND FOREIGN EXCHANGE (FOREX) FLUCTUATIONS

The monetary policy aspects, especially interest rate hikes, directly impact on NamPower's capital investment programme due to the intensity and magnitude of core business investments. Our Treasury Unit continues to monitor FOREX and interest rate trends to optimise our ability to raise and fund projects and to ensure adequate returns on our investments. As a credit rated entity, NamPower will continue undertaking major core business investments to fulfil our mandate. Therefore, we must closely watch interest rate trends as these will affect our borrowing capacity.

LEGISLATIVE ENVIRONMENT

The legislative environment is an important enabler (or inhibitor) for the effective functioning of any public enterprise. When legislation contributes to the improvement of the functioning of a public enterprise, it is enabling. It is of utmost importance for a public enterprise to avoid challenges as a result of legislation which may affect its agility, responsiveness, efficiency, and market space in such a manner that shareholder value is eroded over time.

NamPower has entered an exciting phase within the industry, as the development of the major projects mentioned above will change the landscape of the Namibian economy and our ESI market dynamics. Nevertheless, NamPower will remain resilient, consolidating our market focus and fulfilling our mandate in support of Government's effort towards a sustainable socio-economic growth trajectory.

STAKEHOLDER ENGAGEMENT

OUR STAKEHOLDERS

NamPower's Board of Directors, Executive Management, and Staff are committed to the continued creation of shareholder value for the benefit of all stakeholders. Stakeholder management is critical and NamPower continues to prioritise engagements with stakeholders to support the development of the electricity industry, accelerate the expansion of electrification countrywide, and develop new products and services to deliver on our mandate.

The following table provides a brief review of our key stakeholder groups, their priority concerns/interests and how we address these based on our ongoing engagements with them.

KEY STAKEHOLDER GROUPS AND WHY THEY ARE IMPORTANT TO US	STAKEHOLDERS' PRIORITY CONCERNS/ INTERESTS IN 2022	HOW WE ADDRESSED THEIR CONCERNS / INTERESTS IN 2022
Employees and Union Representative Body Our 991 permanent employees and 117 employees on short-term employment contract provide the skills and labour investment that directly determine company success 567 (51.2%) employees are members of the bargaining unit and are represented by the Mineworkers Union of Namibia (MUN)	• Competitive remuneration for union members and those not in the bargaining unit • Job security and satisfaction • Employee wellness, health and safety • Recognition and rewards • Retirement planning • Career development • Conducive corporate culture • Company performance	• Engaging the union on projects and the financial status of the Company • Recognition Agreement • Fulltime Shop Steward Agreement • Wage negotiations • Employment contracts • Staff development and training • Mental health campaign launched • Regular communication to staff • Launch of the Employee Recognition Programme • Engagement with pension trustees in relation to NamPower pension fund performance • Ongoing succession management and skills transfers for positions deemed critical/vital for NamPower • Climate survey conducted to capture employee engagement levels and measuring employees' attraction to the Company
Regulator (ECB) The Electricity Control Board enforces regulatory and policy frameworks to which NamPower abides	• Strategic intent • Security of supply • Electricity pricing and tariffs • Projects and strategic decisions	• Courtesy visits held • Feedback on queries • Regular briefings and meetings held • Tariff meetings held with ECB and other stakeholders
Government As a commercial public enterprise, NamPower is accountable to the Ministry of Public Enterprises (MPE) and Ministry of Mines and Energy (MME) Government informs our operations through national legislation and policy	• Compliance with corporate governance principles • Strategic intent • Security of supply • Contribution to the socio-economic development of the country • Enhanced public finances by tax payments • Financial performance	• Project meetings with MME • Quarterly reports • MOF procurement issues

KEY STAKEHOLDER GROUPS AND WHY THEY ARE IMPORTANT TO US	STAKEHOLDERS' PRIORITY CONCERNS/ INTERESTS IN 2022	HOW WE ADDRESSED THEIR CONCERNS / INTERESTS IN 2022
Customers Through the purchase of our products and services, we generate revenue. Thus, customer relationship and retention are key	• Ease of doing business: payment methods • Security of supply • Electricity cost/tariff • Electronic distribution customers application process interface and other services • Power outage notifications • Compensation regarding construction of Powerlines through customer's properties • Access to the Grid connected distribution system remains challenging due to high costs, long distribution lines and low loads; all due to smaller density of customers per km2	• Reduction of cost of electricity by promoting cheaper renewable energy options • Implementation of electronic application system and interface to other services such as application process stage monitoring, billing viewing, and planned outage notifications • Stakeholder engagement meetings • Negotiation process regarding servitude registration and compensation • Established new innovative technologically advanced solutions that meet the needs of modern consumers
Media The media is a critical role player in keeping stakeholders/public informed of the ESI industry, NamPower operations and projects	• Updates on transmission and generation projects • Electricity supply situation in the country • Debt collection situation and plan • Power purchase agreements and electricity security • Corporate social investment programmes • Timeous responses to information queries	• Media briefings were held • Media releases and project updates disseminated to media • Timeous responses to media queries
Suppliers and service providers Suppliers provide goods and services needed to enable us to carry out NamPower's operations effectively	• Tender opportunities • Understanding the procurement process • Long lead-time in the conclusion of the evaluation process • Disruptions in the global supply chain causing long lead times • Constant increase in commodity market prices due to Covid-19 and other market factors	• Bid clarification meetings • Bidder's debriefing exercises • Encouraging Bid Evaluators to conclude the evaluation process in a shorter period
International / regional relations (SAPP) Multilateral energy platform in Africa in which NamPower trades	• Trade/ power purchase agreements • Collaboration • Security of supply • New products and services	• Monthly SAPP sub-committee meetings • Annual SAPP MANCO conference • Participation in the yearly Traders forum • Stakeholder engagement with Independent Power Producers • Stakeholder engagements with mines
Financiers and Development Finance Institutions NamPower relies on its relationship with investors to build, maintain and enhance confidence in NamPower as a reputable and investment grade institution	• NamPower historical performance • Financial position and forecasts • Prospective projects with associated funding requirements	• Ongoing engagements with development finance institutions and other commercial banks • Integrated annual reports

MATERIAL RISKS AND OPPORTUNITIES

The Board is ultimately accountable for the governance of risk, with the Audit and Risk Management Committee (as described under the Corporate Governance for Sustained Value Creation section) mandated to provide reasonable assurance to the Board regarding the quality, integrity and reliability of risk management and to monitor the compliance thereof. Each corporate-level risk is owned by a member of the Executive Committee, with the entire team reviewing all corporate-level risks quarterly to reflect any market, legislative and/or operational developments, adjusting mitigation and threat levels accordingly.

Despite the challenging operating environment and risk landscape, NamPower's approach to risk management has demonstrated great agility in managing evolving risks. We are committed to creating sustainable value through a thorough understanding of the needs of all of our stakeholders, understanding and managing material risks to which the Company is exposed, and maximising value-adding opportunities that can be pursued while managing downside risk.

This approach enables NamPower to be better informed, more decisive, and conduct its business with increased confidence in achieving its vision to be the leading electricity service company of choice in SADC, excelling in customer service, people development, and technological innovation.

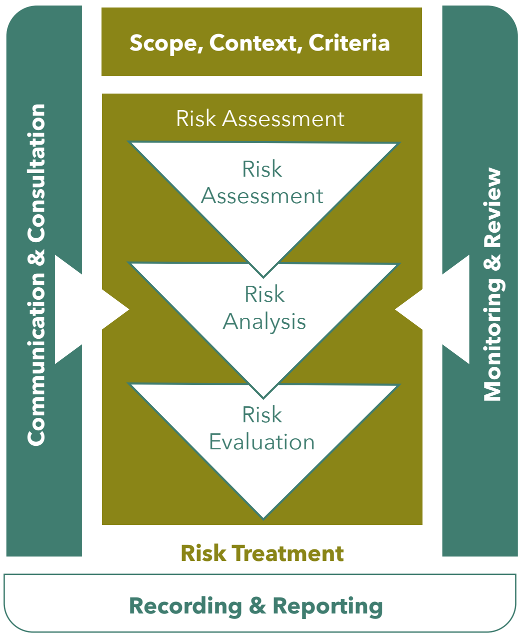
ENTERPRISE RISK MANAGEMENT APPROACH AND PROCESS

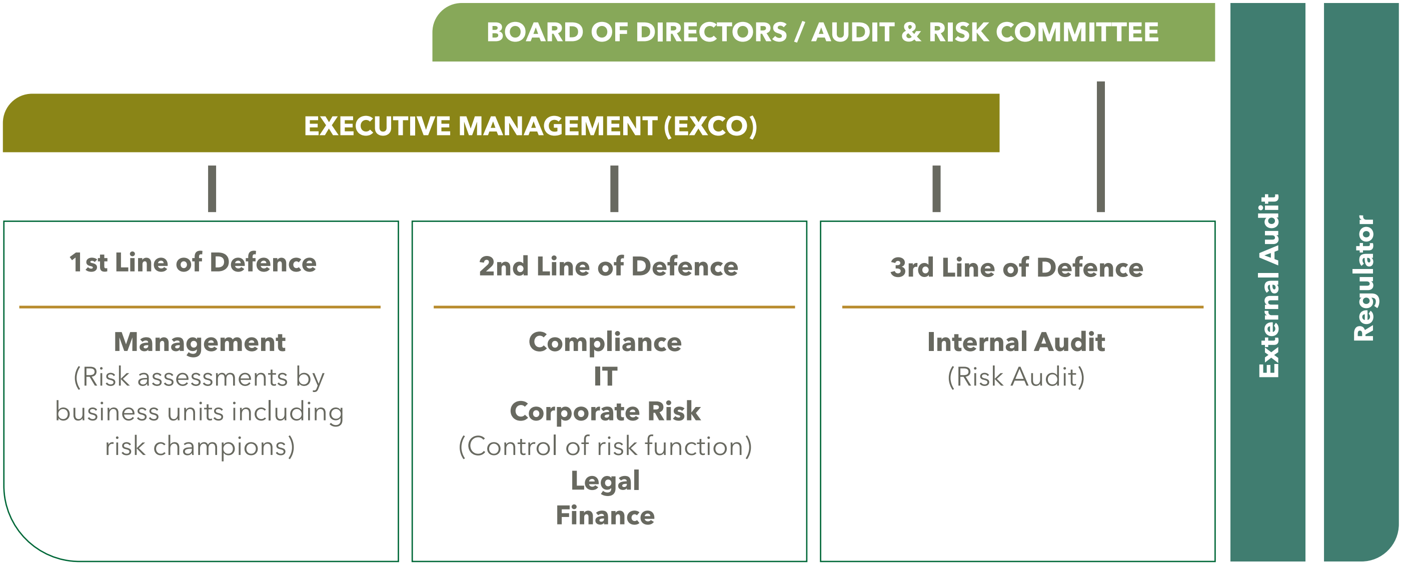
The overall objective of our ERM approach is to help link strategy and risks as clearly as possible so that our decision-making is transparent, both internally and externally, and based on robust evidence. At the same time, we continue to monitor changes in our wider environment that could impact our strategy. Ten risks are currently identified on our corporate risk register. These are principal risks that are intrinsic to the achievement of our strategy and operations.

The risk function provides specialist expertise and comprehensive support services to ensure systematic, uniform, and effective enterprise risk management (ERM), as per the ISO 31000: 2018 framework covering all material risks to the organisation.

Enterprise Risk Management (ERM) continued to play an integral part in value creation through decision-making, setting and achieving organisational objectives related to the ISBP 2020 – 2025, as well as improving performance during the year. The ERM process is well aligned and integrated into all business operations and at all levels of the organisation.

The structured and systematic process of identifying, measuring, managing, controlling and reporting all material risks across the organisation is illustrated below:





RISK APPETITE AND TOLERANCE

Critical to the risk function is ensuring that the Board and Executive Management set and define the risk appetite to support the attainment of strategic objectives and the facilitation of decision-making. This is achieved through implementing basic oversight, segregation between management (1st line) vs control (2nd line), and continuous involvement of Executive Management.

In accepting that risks may be positive or negative, risks are understood by evaluating the causes that could give rise to risk, the consequence of the risk if it materialises, and the likelihood of its occurrence. It is also accepted that risks are treated using controls based on set appetite and tolerance levels.

NAMPOWER'S KEY STRATEGIC RISKS

The key strategic risks highlighted below are potentially impacting the attainment of NamPower's 2020-2025 strategic objectives. These risks have been assessed based on risk appetite and tolerance levels. In addition, implementation of the risk treatment plans has been tracked throughout the year to minimise the impact of the risk or reduce the likelihood of the risk materialising, as per NamPower's governance principles. These risks are highlighted on the next page, as follows:

Strategic pillars	1. Ensuring security of supply 2. Unlocking the value of electricity sector collaboration 3. Optimising financial sustainability 4. Driving organisational and operational excellence	
Risks outside Appetite and Tolerance Levels		
Relevant strategic pillar(s)		**Mitigation actions**
1,2,3	NIRP risk	Develop the NP IRP to cater for the components that are not addressed by the NIRP, such as transmission infrastructure
1,2,3	Electricity supply (Debtors) risk	Develop and implement the pre-paid strategy to reduce debts
1,2,3	Ruacana output risk	Renewable energy projects being implemented to de-risk and mitigate against reliance on Ruacana Power Station
2, 4	Cybersecurity risk	Implementing a Cybersecurity framework/policy that will guide the Company on how to address the risk of cybersecurity
1,3,4	Public Procurement Act risk	Perform continuous monitoring to ensure adherence to the Public Procurement Act
Risks outside Appetite but within Tolerance Levels		
4	Low workforce morale and productivity risk	Implement a visible ethical leadership, work ethics and communication programme
1,2,3	Reliance on imports	Build own power plants relying on local energy sources
Risks within Appetite Levels		
1,2,3	Change in Regulation risks	Develop a Transmission business case to provide storage solution as ancillary services
2,4	Rapid developing technologies risks	Develop a focused research and development strategy around leveraging innovation and opportunities specific to technology
1,3	Tariff pricing methodology risks	Continuous engagement with ECB to ensure that the tariff methodology and changes thereto support the sustainability of the ESI

Emerging risks

Some significant risk drivers are global political instability, disruptive business models and innovations triggered by emerging technologies, and shifting customer preferences and demographics, including pandemics. There is also a realisation that there is only so much the organisation can control concerning shifting customer preference, as our larger clients are constantly finding ways to reduce their cost of electricity driven by cheaper alternatives, such as solar. It is, therefore, prudent to actively monitor trends and signals of risks that may soon have consequences for our operations and set objectives. Our analysis shows the below risks as emerging risks.

#	Risk event	Risk comments
1	Continuity of supply	The ongoing war in Ukraine continues to pressure the domestic market, which could negatively impact NamPower's operations The continued rise in fuel prices, higher inflation, and increasing cost of living have the ability to reduce consumer income, which may put further pressure on debt collection The higher interest rates are more likely to reduce credit uptake, which could increase the costs of capital required for major capital projects in Generation and Transmission to ensure the security of supply and strengthen the grid Also, considering the cost-reflective tariff methodology adopted by the Regulator, the supply disruption and increasing costs will potentially result in higher energy prices that will further increase inflation, which in turn will erode disposable income, reduce consumer demand (i.e., energy consumption, sourcing alternative cheaper sources) and make it more difficult to recover the existing debt
2	Climate change	Climate changes are resulting in rising global temperatures, erratic patterns of precipitation, and more. This is evident in the significantly lower energy generated and dispatched by the Ruacana Power Station during the year due to very low Kunene River flows experienced specifically over the past four years. Rising temperatures may also have an uncertain impact on electricity demand, which already varies according to cooling and heating needs

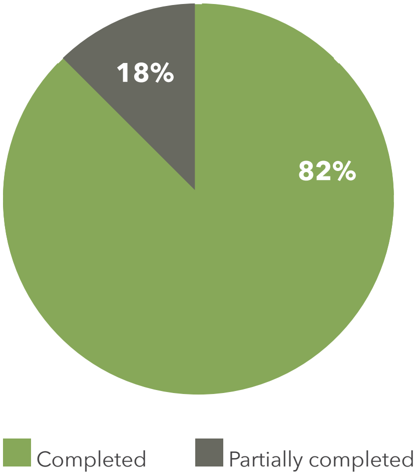
Opportunity Risks

Summary of opportunities	Risk response strategy
Rapidly developing technologies specifically within the energy space, creating opportunities for innovation and creative strategies – hydro, solar, wind, storage, and the transmission wires business	• Wiremax (more flow on Tx assets), maximise utilisation of Tx assets • Fast track the battery energy storage project
Exploit decarbonising efforts of industrialized countries	• Establish an agile and lean subsidiary that leverages these new opportunities in collaboration with other investors • Cost structure to compete with private sector and prevent corporate structures, benefits, policies, and procedures currently incapacitating NamPower • Risk – Reward to go together
NamPower has a world class wires business and has capacity to increase transmission capabilities	• Enter into an agreement with SADC countries to utilise the current Tx infrastructure to export electricity in the region • Continuous upgrades and expansion of the transmission network to meet the expected demand
Electricity supply in peri-urban areas on top of rural electrification projects	• Expanding the footprint of electricity supply to peri-urban areas • Increasing NamPower's brand and reputation in the energy market

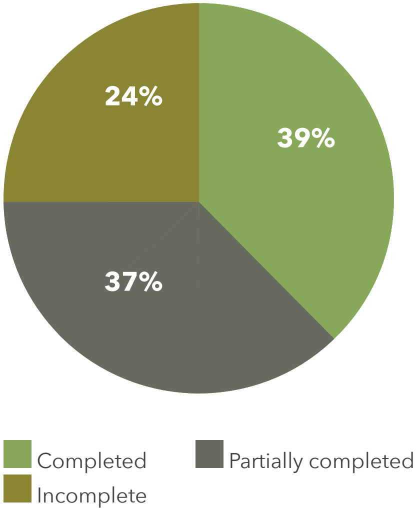
OUR PERFORMANCE IN 2022

According to the five-year Risk and Resilience Rolling Plan, the year 2021 - 2022 saw NamPower making significant strides amidst a challenging operating environment. The graphs below depict risk management performance for the year under review. Of 49 key deliverables for risk management, 40 (81.6%) and 9 (18.4%) were partially completed. Regarding business resilience, of 41 key deliverables, 16 (39%) have been completed, 15 (36.6%) partially completed, and 10 (24.4%) are incomplete.

Risk Management Plan



Business Resilience Plan



Detailed key risk deliverables as highlighted in the risk management plan:

ERM element risk policies, standards, and guidelines	Key deliverables
Consistent, well understood and enforced policies, standards, and methodologies	• Assurance on risk compliance and effectiveness through three lines of defence (implementation of audit findings) • Revised governing documents communicated and included in the training and awareness material (change management)
Systematic procedures to anticipate and respond to emerging risks	• Risk environment-scanning and reporting capability (emerging risks)
Well defined risk appetite statements and tolerance parameters	• Risk appetite statement/framework set, reviewed and approved annually by the Board. Implementing company-wide appetite and tolerance parameters
Integrated appetite statements and tolerance parameters when reviewing/ developing strategic and business objectives	• Embed appetite and tolerance in strategy, business planning and capital allocation • Include appetite and tolerance in risk monitoring and reporting
Analysis of risk events as part of a systematic process of risk learning	• Investigation of materialised risks and changes in priority risk profiles • Monitoring, analysing and learning from incidents • Standardised job profiles for roles in risk management • Execute and report on second line of defence as part of the combined assurance model
Risk culture within the organisation	• Effective integration of the combined assurance model between risk, strategy, compliance, and assurance • Embedded roles and responsibilities at all levels regarding effective risk management • Embedded risk management in all management processes and decision making
Timely reporting of credible, intelligible, and comprehensive risk profile to Board/executive management	• Compliance to risk disclosure requirements from NamCode on Corporate Governance, Companies Act and the shareholder • Report to NamPower risk governance structures as per secretariat meeting schedule • Regular analysis of risks that materialised and monitoring of changes in risk profile • Reporting of risk in the integrated annual report, and performance report, and to the Shareholder through the NamPower risk governance committees
Effective risk controls	• Regular testing of controls and treatments (treatment plans) • Embedding results from independent audit reports on effectiveness of controls into the risk profiles • Integration with the risk-based audit plan
Risk-adjusted performance measurement and performance incentives	• Integrate risk management with the NamPower performance management system • Develop well defined KPIs substantiating performance incentives
Stakeholder management	• Networking with internal and external risk fraternities and practitioners • Deliver in-house Corporate Risk Management training capability (as per strategy) • Training and talent management strategy to ensure sufficient skills and resources

Detailed key resilience deliverables as highlighted in the business resilience plan:

Corporate resilience element	Key deliverables
Policy framework, definition of roles and responsibilities	NamPower Risk and Resilience Policy
	NamPower Risk and Resilience Plan
	Site Risk and Resilience Plan (updated annually)
Standards, processes, procedures, guidelines, templates	Business Continuity Management Standard Procedure
	Disaster Management Standard Procedure
	Incident Command Standard
	Company-wide Emergency Recovery and Response Plan template review
Governance	Establishment of Resilience Teams and sub-committees
Internal governance reporting	Corporate Risk and Resilience Report to Exco and Board ARC (quarterly)
	NamPower Integrated Annual Report inputs
Business Continuity Management	BCM strategic Business Impact Analysis undertaken at Business Unit (BU) level

LOOKING AHEAD TO 2023 AND BEYOND

As part of continuous improvement in risk management, NamPower will be engaging credible institutions to conduct a risk maturity assessment to determine its current position and the way forward. This is a crucial exercise that will ensure that NamPower keeps abreast with changing technologies and global approaches to effective risk management.

NamPower will also continue to execute the deliverables as set out in the five-year Risk and Resilience Rolling Plan.

OUR OPERATING PERFORMANCE AGAINST STRATEGY

DELIVERING ON OUR INTEGRATED STRATEGIC BUSINESS PLAN (ISBP) 2020 - 2025

The Board drives the strategy, sets performance goals, and determines future expectations to ensure long-term sustainability and value creation.

OUR PERFORMANCE IN 2022

NamPower is guided by its purpose of "Powering the Nation and beyond" and has succeeded in accomplishing this for 26 years by powering the economy of Namibia, enriching the lives of its people, and continuing to act as an active participant in realising the goals as set out in the National Development Plan 5 (NDP5) and the Harambee Prosperity Plan II (HPP 2).

NamPower's strategy for powering the economy and the lives of our people enables ownership of the strategic objectives and alignment of specific strategic targets across the Company.

Our strategic planning sessions enable us to reflect on our ability to deliver on our mandate, mission, and core values, and review the phased approach used to achieve them.

Following the recommendation by the Board and approval by our line Minister, the ISBP 2020 – 2025 was rolled out at business unit and corporate levels, respectively. The performance review process is aimed at assessing and rating performance levels against set targets, identifying any challenges that may hinder the successful implementation of our strategies, and developing corrective measures to improve performance.

The table below highlights NamPower's corporate Performance for the 2020/2021 financial year:

Our strategic pillars	Our strategic objectives	Key performance indicator	Target for the year (2022)	Performance for the year (2022)
SP.1: Ensuring Security of Supply	Optimally expand generation capacity	% Completion of generation projects in feasibility (milestones)	75%	87%
		New generation MW (IPP)	20 MW	54%
		New generation in execution MW (NamPower)	20 MW	100%
	Optimally expand transmission capacity	New transmission lines constructed (km) to optimise the Grid (S-curve)	260 km	417 km
		Completion of transmission substation projects (S-curve)	600 MVA	1698%
	Leverage regional trading opportunities	Total profitable annual net exports (kWh) export growth regionally) (%)	1.5%	5%
	Ensure a least-cost electricity supply mix	Average cost of the energy mix supply (cents per kWh)	115c/kWh	127c/kWh

Legend:

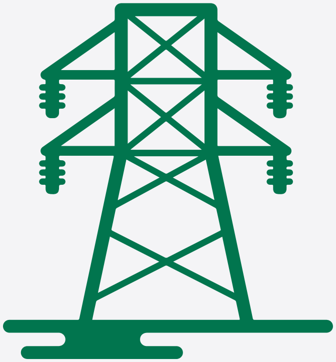
Exceptional | Above target | On target | Below target

Our strategic pillars	Our strategic objectives	Key performance indicator	Target for the year (2022)	Performance for the year (2022)
SP.2: Unlocking the value of electricity sector collaboration	Support the development of the electricity industry and the economy	Number of ESI initiatives	2	6
		Locally produced goods and services (% of APP spending)	10%	20%
	Develop new products and services (solutions)	% Customer satisfaction	80%	87%
		Number of new products and services introduced into the market	1	1
	Support the acceleration of electrification	Electrification investment (including corporate social investment) (% of EBITDA)	10%	-2%
		Completion of rural electrification projects as per project milestones	75%	88%
SP.3: Optimising financial sustainability	Increase unit sales	Sales growth (%) (GWh)	-2.00%	-0.39
	Ensure sound liquidity	Current ratio (%)	2 times	3.99
		Debtors Days	75 days	77 days
		DSCR (times)	1.5 times	0.50 times
	Grow shareholder value	Return on net assets (RONA) (%)	0.70%	-4.60%
	Maintain profitability	EBITDA (% turnover)	2.50%	-1.29%

The table below highlights NamPower's corporate Performance for the 2021/2022 financial year: (CONTINUED)

Our strategic pillars	Our strategic objectives	Key performance indicator	Target for the year (2022)	Performance for the year (2022)
SP.4: Driving organisational and operational excellence	Develop additional capabilities to meet the new market requirements	% of new capabilities developed that are aligned to the new market requirements	70%	67%
		Development of approved strategic and critical positions, with ready-now backups	70%	72%
	Achieve and retain top employer status	Employer Status Rating	75%	67%
	Build an ethical, engaging, and high-performing culture	% employees in leadership roles and trained in leadership aspects annually	55%	77%
		Training and development cost as a % of labour cost	1.5%	0.50%

NamPower will continuously strive to deliver sustainable security of supply and a least-cost tariff structure that supports economic growth and maintains its financial sustainability. It will simultaneously consider its impact on the environment, society, and the economy as a whole, with the focus of the ISBP being to create value over the short, medium, and long term.



ENSURING SECURITY OF SUPPLY

Namibia has numerous power supply options that could potentially be developed to meet future electricity requirements. That said, the country's low load densities and long distances between major load centres and potential generation points make it challenging for NamPower to expand the power system while ensuring security of supply, maintaining reliability levels, and keeping the cost of electricity at a reasonable level. Besides a close collaboration with sector stakeholders, the development and implementation of a comprehensive project governance framework is critical to increase the oversight, assurance and controls of the development and execution of the project portfolio.

OPTIMALLY EXPAND OUR GENERATION CAPACITY

NamPower continued to focus on its strategic objective of meeting 80% of the future load demand (and reducing dependency from imports) by increasing local generation capacity through the implementation of strategic projects during the year under review.

The Government plans to increase the share of renewable energies (RE) in its electricity generation from around 30% to 70% by 2030. With a growing share of RE, the need for measures to maintain and improve energy supply stability is also growing.

In response, NamPower is developing an Integrated System Plan (ISP), that will guide and inform investments into current and future transmission, generation, energy trading and demand side-management options for the next 30 years. The ISP will identify relevant projects that will respond to future market uncertainty and the planned mega-scale energy projects in a flexible manner. The main goal is to provide a long-term plan (or plans) designed to meet the need for reliable, environmentally responsible, and financially sustainable energy and related services during the ongoing ESI transition, taking into account the increasing share of renewables, the ever-increasing number of distributed energy sources, and a growing base of market players under the MSB framework, whilst maintaining affordability for NamPower's customers across a range of foreseeable and unforeseeable future scenarios and investment options. The long-term plan(s) will be substantiated with specific short to medium-term roadmaps and decision trees for transmission, generation, rural electrification, and peri-urban electrification projects. The Government has initiated several steps to increase Namibia's share of RE, reduce its dependency on electricity imports, and minimise negative environmental impacts from fossil fuel-based electricity supply.

A determination was made by the Minister of Mines and Energy in October 2018 that 220 MW of power generation should be developed, with 150 MW allocated to NamPower, whereby 100 MW of this allocation constitutes RE generation. A further 70 MW of wind and solar PV projects was allocated and is to be tendered to IPP developers between 2020 and 2025 on a competitive procurement basis. These projects support the commitments made at COP21 to increase the share of renewable energy generation within the country to 70% or more by the year 2030, according to the National Renewable Energy Policy of Namibia (July 2017), and that they will reduce the overall NamPower tariff to the customer by introducing affordable "new-build" renewable energy to the Namibian grid.

NamPower's Generation Master Plan supports government's commitment to expand local power generation capacity from 624 MW to 879 MW by 2025 through the planned 220 MW generation projects.

The initial liberalisation of the Namibian electricity market is already attracting private sector investments in solar and wind power plants making use of Namibia's extraordinary solar and wind resources. It is anticipated that the liberalisation of the market could add an additional 300 MW in PV and 200 MW in wind power to the Namibian grid. These factors will all contribute to a climate-friendly development of the Namibian economy and are envisioned to make Namibia less vulnerable to potential future constraints of the main electricity suppliers within the South African Power Pool (SAPP).

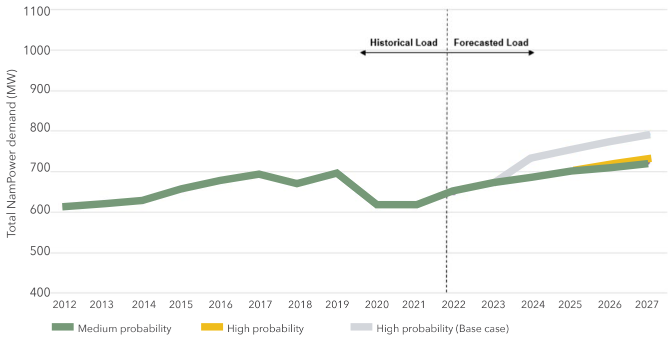
The projects constituting the 150 MW allocated to NamPower include:

- 20 MW Omburu Solar PV Project
- 40 MW Rosh Pinah Wind Power Project
- 40 MW Otjikoto Biomass Power Project
- 50 MW (Firm) Anixas II Power Station

The two projects constituting the 70 MW allocated to IPPs are the 50 MW Lüderitz Wind Power Project and the 20 MW Khan Solar PV Project. A detailed overview of the status of these projects is described throughout the following pages.

It is anticipated that these projects will significantly contribute to meeting NamPower's strategic objective of fulfilling 80% of future load demand (and reducing dependency on imports) in a sustainable manner. The graph below indicates the maximum demand load forecast from 2022 – 2027 (including system losses) against the historical load.

Namibia electricity load forecast 2022 - 2027 (Including system losses)



Status of our Generation projects

NamPower Projects

- Omburu 20 MW Solar PV Project
- Omburu 58 MW Battery Energy Storage System (BESS) Project
- Rosh Pinah 40 MW Wind Power Project
- 50 MW (Firm) Anixas II Power Station
- Otjikoto 40 MW Biomass Power Project

IPP Projects

- Khan 20 MW Solar PV IPP Project
- Lüderitz 50 MW Wind IPP Project

Omburu 20 MW Solar PV Project
Location: 12 km south-east from the town of Omaruru in the Erongo Region
Total project cost: N$337 million

The Omburu 20 MW Solar PV Station is the first renewable power plant NamPower fully owns and operates. The construction of the power has been successfully completed and was taken over by NamPower on 29 March 2022. The Omburu 20 MW Power Station was officially inaugurated on 24 June 2022.

The power station covers 42 hectares within 300 hectares donated by the Omaruru Town Council, with 58,104 solar panels and 5 x 5 Units converter stations. The panels are mounted on 183 single-axis trackers, following the sun's movement from east to west. Omburu Power Station was built to accommodate power storage in a battery system. More information on the power station is included under the Sustainability section on page 28.

Omburu 58 MW Battery Energy Storage System (BESS) Project
Location: Omburu Substation, 12 km south-east from the town of Omaruru in the Erongo Region
Estimated project cost: 20 million EUR

The BESS power storage system will be the first of its kind in Namibia and the subcontinent. The storage system will be designed to aid the expansion of renewable energy sources on the national grid.

A tripartite grant funding agreement with KfW of EUR 20 million was signed between NamPower, the National Planning Commission and KfW in December 2021. The pre-qualification stage for the procurement of an Engineering, Procurement and Construction (EPC) contractor was completed in January 2022, where ten applicants were prequalified and another two conditionally prequalified. An invitation to prequalified and conditionally qualified applicants to bid for the EPC Contract for the BESS is expected to commence early in October 2022.

LOOKING AHEAD TO 2023 AND BEYOND

Once commissioned, the BESS will be utilised for the following use cases:

1. Improve grid resilience through ancillary services by mitigating adverse power output fluctuations, voltage, and frequency from renewable generation sources
2. Reduce the overall NamPower tariff through energy arbitrage and provision of emergency energy
3. Address and support the renewable energy uptake onto the grid by reducing the overall grid intermittency

The EPC Contractor for the project will be appointed in the first quarter of 2023, with commencement of the project planned mid-2023. Completion is planned towards the end of 2024.

Rosh Pinah 40 MW Wind Power Project
Location: Approximately 33 km north of Rosh Pinah in the Karas region
Estimated project cost: N$1.1 billion

The 40 MW Rosh Pinah Wind Power Project, is designed to provide renewable energy outside the typical solar/PV dispatch profile. It will have a maximum export capacity (MEC) of 40MWe, with a calculated ten-year P50 annual energy production of 122,00 MWh, including losses and plant availability. The plant will be required to have 97% availability with a guaranteed lifetime of 25 years.

Most of the project costs will be financed via a concessional loan agreement with KfW. NamPower will fund approximately 20% of the project costs from its balance sheet. KfW/BMZ completed its project due diligence in April 2022.

Eight bids were received on 25 February 2022 for the pre-qualification stage of the bidding process to procure the EPC Contractor. The evaluation report has been completed and submitted to KfW for approval.

NamPower submitted the Environmental Clearance Certificate for the Wind plant to the Ministry of Environment, Forestry and Tourism (MEFT), with feedback expected in September 2022. The Electricity Control Board (ECB) approved the Generation License in August 2022. To ensure the transfer of skills, the EPC Contractor will train local staff (Namibian citizens) throughout the construction phase, the defect notification period, and/or the operations and maintenance period. This will ensure that NamPower can perform the first-line maintenance of the Wind Power Plant during the operations of the plant.

LOOKING AHEAD TO 2023 AND BEYOND

The Rosh Pinah 40 MW Wind Project has been cancelled because the wind resource at the Rosh Pinah site is lower than anticipated. It has been replaced with the 70 MW Solar PV Project, which is planned for 2025.

Anixas II 50 MW (Firm) Power Station

Location: Walvisbay in the Erongo Region
Estimated project cost: N$1.2 billion

The 50 MW Anixas II Power Station will be developed to provide backup power to stabilise the grid due to the intermittency of renewable energy sources. The power plant will make use of Internal Combustion Reciprocating Engine (ICRE) technology, using heavy fuel oil (HFO). It will also be possible to operate using diesel, liquefied or compressed natural gas (LNG or CNG).

An Environmental Clearance Certificate for the power station was issued by MEFT, and the Generation Licence approval was obtained from the ECB in 2021. The bidding process for the EPC of the power station was then successfully concluded, and a contract was signed with FK Namibia and Joint Venture (JV) on 4 March 2022.

LOOKING AHEAD TO 2023 AND BEYOND

Detailed engineering is now in progress; whereafter the construction-related activities will commence on site. These activities will continue throughout 2022 and 2023, with the completion of the power station expected in December 2023.

Otjikoto 40 MW Biomass Power Project

Location: 15 km west of Tsumeb town
in the Oshikoto region
Estimated project cost: N$ 1.6 billion

The project entails the development of a 40 MW Biomass Power Station utilising encroacher bush as the fuel source. It provides a dispatchable baseload generation option, enhances the security of supply to customers, and promotes and stimulates the biomass fuel supply chain in Namibia. It will furthermore contribute towards providing employment opportunities, skills development, local economic growth and an improved agricultural carrying capacity of the farmland where encroacher bush has been harvested.

Significant progress was made during the year, with key milestones achieved. These include the appointment of Fichtner GmbH as owners' engineers for the project in July 2021 to assist with drafting the employers' requirements and contract management during the implementation phase of the project; and the issuing of bid documents for the procurement of an EPC Contractor to construct the power station to pre-qualified bidders. The finalisation of the bidding documents for the procurement of fuel suppliers is currently in progress and will be issued to the market in September 2022. Furthermore, NamPower secured approval for the generation license from the ECB in July 2022.

A Grant Funding application was submitted to the Nationally Appropriate Mitigation Ambition (NAMA) Facility to reduce the tariff to the end consumer and contribute towards NamPower's strategic objective of reducing the cost of the energy mix. As a result, the NAMA Facility shortlisted the project in June 2022 for an in-depth assessment of a potential grant. The preferred project financier, Agence Française de Développement (AFD), is carrying out the final due diligence on the project before the negotiations and finalisation of the financing agreements.

LOOKING AHEAD TO 2023 AND BEYOND

The Final Investment Decision (FID) is expected to be made in April 2023 based on the outcome of the three key development activities, namely, the finalisation of financing agreements with the AFD, the grant funding appraisals by the NAMA Facility, and the price discovery from the procurement of the EPC Contractor and the fuel suppliers. After a positive FID, the construction activities of the power station should commence during the end of the second quarter of 2023.

The power plant is expected to achieve commercial operations by the end of 2025.

Khan 20 MW Solar PV IPP Project
Location: 45 km south-west of Usakos town in the Erongo region
Estimated project cost: N$300 million

The bid for the development of the 20 MW Khan Solar PV project was awarded to the lead developer, IPP Access Aussenkehr Solar One Namibia, for a base tariff of 49.05 cents/kWh (the lowest tariff in the country) and at a fixed annual escalation rate of 3% throughout the 25-year PPA period. In August 2021, the lead developer in the consortium was sold off to Alpha Namibia Industries Renewable Power Limited (ANIREP).

Under the contract, the Windhoek-based company will install 33,000 solar panels, 100 inverters, and other required equipment on the 16-hectare project site. The solar power plant is planned to have 67 single-axis trackers that allow the solar panels to follow the sun's movement, optimising its production.

Financial Close and achievement of all conditions precedent to the effectiveness of the Power Purchase Agreement was achieved in March 2022. Construction commenced in April. An Environmental Clearance Certificate and the generation license have been issued, and an EPC Contractor and associated supporting consultants were appointed.

LOOKING AHEAD TO 2023 AND BEYOND

The construction activities are expected to pick up in the latter half of 2022 as the solar panels, tracker systems and other materials are delivered to site. The project will have a significant socio-economic impact in the Erongo Region and countrywide as the project is expected to provide electricity to approximately 18,500 households, create employment for up to 300 people during the peak construction period and generate investments of approximately N$300 million.

The power plant is expected to achieve commercial operations in the second quarter of 2024.

Lüderitz 50 MW Wind IPP Project

Location: Near Lüderitz in Karas Region

Estimated project cost: N$1.39 billion

Project development activities continued in 2022 with the completion of the Environmental and Social Impact Assessment Studies (ESIA) and submission of an application for an Environmental Clearance Certificate (ECC) for the 50 MW Wind Power Plant. The ECC was subsequently obtained in September 2021. The bid for the procurement of a developer for the 50 MW Wind Power Plant was issued in March 2022 and closed on 29 July 2022. The market showed strong interest in the project with the registration of 62 prospective bidders.

LOOKING AHEAD TO 2023 AND BEYOND

The evaluation of the bid commences in early August 2022. It is expected that the developer will be appointed by September 2022 and that the Power Purchase Agreement and Transmission Connection Agreement will be signed following regulatory approval by the Electricity Control Board in October 2022. The developers will be responsible for finalising the remaining development activities (including procuring financing) within 12 months from PPA signature date, meaning that the PPA will become fully effective by October 2023. The power plant construction is expected to take 21 months from the PPA effective date, with the commercial operations date expected in the third quarter (Q3) of 2025. The 50 MW Wind IPP Power Project will generate a significant socio-economic impact with the creation of employment for up to 300 people during the peak construction period and investments of up to N$1.3 billion distributed into the Namibian economy.

OPTIMALLY EXPAND OUR TRANSMISSION CAPACITY

Status of our transmission projects

Transmission System

NamPower owns a world-class transmission system and a network of 66 kV to 400 kV overhead lines spanning more than 11,690 kms. The national grid has been homegrown – designed and built mainly by Namibians.

Continuous investments are being made to strengthen and maintain the national grid in a superior condition to ensure an efficient, reliable and effective network with minimal disruptions.

Network capacity

- 11,690 km of high and medium-voltage transmission lines
- 22,809 km low voltage distribution lines
- 8,968 MVA transformer capacity

The NamPower Transmission Master Plan, which studied the period 2021 to 2025, describes the transmission network grid expansion plans and highlights new development requirements for the next five years. It is updated annually to ensure that NamPower maintains pace with the evolving electricity needs of the country.

The Plan involves the construction of new transmission lines, new substations, and the upgrading of existing transmission infrastructure. New infrastructure is required due to existing internal supply limitations to provide for future load growth, the integration of upcoming generation plants, and the possible wheeling of electric power through the transmission grid to the Southern African Power Pool (SAPP) region.

NamPower continues to prioritise the planning, development and maintenance of its generation and transmission infrastructure, which are central to its operations, as well as the provision of distribution and rural electrification infrastructure, as part of delivering on its mandate.

Below is brief progress on major Transmission Master Plan projects and customer-funded projects, some of which are either under construction, bidding process or in planning phases.

400 kV Auas – Gerus Transmission Line Project

Estimated project cost: N$868 million

Construction of the 290 km long 400 kV Auas–Gerus transmission line commenced in May 2021 and will support the Auas–Van Eck–Omburu 220 kV network (providing for contingencies, the benefit of improved losses and improved network stability) and strengthen the network to Gerus Substation near Otjiwarongo. This will enable NamPower to accommodate increased electricity transfer and wheeling via the Gerus–Zambezi High Voltage Direct Current (HVDC) link.

The 290 km line will run from Auas Substation near Dordabis to Gerus Substation near Otjiwarongo and is part of NamPower's investment in expanding its 400 kV transmission infrastructure backbone by more than 800 km.
Procurement of HV equipment is completed, construction of the line is about 75% complete, while substation extension is about 90% complete.

Expected commissioning date: 29 June 2023

400 kV Auas – Kokerboom Transmission Line Project

This project aims to support the system reliability between Auas and Kokerboom. Additional benefits include improved network stability and redundancy and improved dynamic stability. The project will also enable increased electricity transfer and wheeling from south to north and north to south.

This project is currently deferred as part of financial prioritisation. However, substation works related to this project at Auas Substation is being executed together with Auas – Gerus Substation work at Auas to avoid outages related costs during commissioning. The Environmental Clearance Certificate (ECC) for the line construction has been issued.

132 kV Aussenkehr – Khurub Transmission Line Project

Project cost: N$86 million

Construction of the new 45 km 132 kV line was completed during 2021 and energised in the year under review. The power transformer has been delivered and installed at Aussenkehr Substation.

330 (400) kV Kunene and Omatando Substations Project

Estimated project cost: N$741 million

Construction of these substations (25 km south of Ruacana) has commenced and is currently in full swing. In addition, the 400 kV line from the Kunene Substation site to the 400 kV Omatando Substation site has been completed. For this line to commercially operate, the two substations should be built at each end of the line, one at Kunene near Ruacana and another at Omatando near Ongwediva. The civil works and mechanical installations for these substations were completed and reactors have been manufactured and installed in September 2022.

Expected commissioning date: 23 August 2023.

400 kV Obib – Oranjemond Transmission Line Project
Estimated project cost: N$1.2 billion

The newly established line design team has completed the 90 km line design and the bids for conductors and OPGW have been awarded. An ECC for this project has been issued and aerial survey conducted. The bidding document for the line construction will be advertised by end of March 2023.

Expected commissioning date: December 2024

220 kV Otjikoto – Masivi Transmission Line Project

This project entails developing a new 220 kV line from Otjikoto towards Rundu, to terminate at Masivi substation. This will improve the reliability of power supply to the Kavango East and Kavango West regions, as well as cater for future load growth in these regions.

This project is deferred as part of financial prioritisation. The EIA process is completed and has been submitted to the ECC.

220/66 kV Eldorado Substation construction
Project cost: N$120 million
Location: Approx. 70 km from the town of Otjiwarongo

Construction of the Eldorado Substation has been completed, with the new 66 kV, 15 km line constructed and connected to the B2 Gold Mine and the national grid.

The substation was energised in September 2022.

132/66 kV Sekelduin Substation development
Estimated project cost: N$320 million
Location: on the outskirts of Swakopmund (next to B2 road)

The civil work contractor is currently on site and is expected to complete work in March 2023. Procurement for HV equipment, including transformers, are in progress. Design for the 132 kV lines from Kuiseb to Sekelduin has been completed and bids for conductors and optical ground wire have been awarded. The bid for the construction works is expected to go to market in February 2023.

Expected commissioning date: June 2024

220/66 kV Khomas Substation development
Estimated project cost: N$340 million
Location: Otjomuise, Windhoek

Land for this substation has been resolved with the City of Windhoek, and the design phase for the substation has commenced. Bids for power transformers have been awarded.

Expected commissioning date: 2025

220/66 kV Erongo Substation development
Estimated project cost: N$170 million
Location: 20 km from Karibib

Land for this substation has been acquired and the EIA process is completed and awaiting issuing of the ECC, paving the way for the commencement of the design for this substation.

Expected commissioning date: 2025

New 220/132 kV Masivi Substation Project
Estimated project cost: N$330 million
Location: Approx. 15 km from the town of Rundu

The contract for civil work commenced in March 2021 and is still under execution. The project is delayed due to late delivery of material. The civil works is expected to be completed in June 2023. Bidding for mechanical and electrical works will be issued to the market in March 2023. Specifications for Static Synchronous Compensator (STATCOM) has been completed and the bid document for STATCOM construction was approved by the Procurement Policy Unit. The bid is expected to be advertised in February 2023.

Expected commissioning date: December 2024

New 132/66/33 kV Shiyambi Substation Project
Estimated project cost: N$81 million
Location: Approx. 90 km east of the town of Rundu

The contract for civil work commenced in March 2021. Works have been delayed mostly due to late delivery of material. The works is expected to be completed in April 2023. Bidding for mechanical and electrical work will be issued to the market in March 2023.

Expected commissioning date: November 2023

Transmission system performance statistics

NamPower continued its excellent performance in ensuring the reliability of electricity supply to the country by maintaining a 99.82% system availability during the period under review. In addition, our excellent record of ensuring supply security was again maintained this year, with no load shedding or system blackouts experienced during the year.

A detailed analysis of the results for the period under review shows exceptional system reliability (SAIFI), as the average NamPower customer can expect less than one interruption per customer (0.21) for the period under review. An assessment of the results also shows that the average restoration time per interrupted customer (CAIDI) was on target as transmission customers affected by interruptions, on average, endured 3.78 minutes of loss of power.

Based on the results below, it is clear that the System Average Interruption Duration Index (SAIDI) was above the set target, primarily due to the concerted effort of NamPower personnel when attending to restoring power supply to affected customers.

Transmission system performance

It has become imperative in the current competitive economic environment for utilities to accurately measure their networks' performance. As stated in the table below, the reliability reporting indices are based on the duration and frequency of supply interruptions experienced by an average consumer on the NamPower network.

Transmission system performance data 2021/2022

Measure	Outcome	Rating
USML (minutes)	25.01	Exceptional
SSML (minutes)	52.75	On Target
SAIDI (minutes)	0.68	Above Target
SAIFI (interruption/ customer) (units) (minutes)	0.21	Exceptional
CAIDI (minutes)	3.78	On Target
Availability (%)	99.822%	Exceptional

The accompanying operational highlight during this review period was:

- The successful commissioning of the Omburu PV 20 MW PV plant
- The successful undertaking to restore the Kokerboom – Hardap 1 and 2 220 kV line eight days after five structures were damaged by strong winds

The operational lowlight in this review period is the continuing multiple incidences of stolen copper earthing straps from power supply equipment. The following substations were affected during this reporting period: Okapya, Oshivelo, Aranos, Omuthiya, Namib, Detmont, Lithops, Seeis, Efundja, Ohama and Grootfontein. All the stolen copper straps at the various substations were immediately replaced, though each substation had to endure an unscheduled power outage.

NamPower is currently looking at replacing copper conductors in the substations with materials that have a minimal scrap value. A twenty-four-hour substation camera surveillance system is also being considered to deter unauthorised entry to substations.

Transmission system incidences

Three system incidences were reported in the current review period.

- On 1 February 2022, a contractor was electrocuted by the Omicron CPC 100 (a multi-functional primary test system for substation commissioning and maintenance) while testing a Voltage Transformer (VT) at the Omburu PV Project.
- On 1 March 2022, two individuals were admitted to the hospital in Keetmanshoop after being shocked when the ladder they were using to prune dates at Naute Dam Irrigation Scheme fell backwards and touched the conductors of a 33 kV reticulation line.

The above-mentioned incidences brought the need for increased awareness campaigns on the dangers of interfering with electricity infrastructure. NamPower's policy of zero harm will thus be intensified by launching a safety campaign since even a single loss of life due to such incidents is one too many. A national safety campaign initiated by all electricity players in the industry will furthermore strengthen NamPower's safety initiatives.

LOOKING AHEAD TO 2023 AND BEYOND

The System Operations section will continue to focus on customer service for the coming year. Special focus will be placed on the training of the National Control workforce. Concerted effort will be placed on reducing the unscheduled system minutes losses of the transmission network.

Leveraging regional trading opportunities

NamPower, a member of the Southern Africa Power Pool, continues optimising its energy mix by buying and selling in the SAPP markets. This is made possible by transmitting energy through the two interconnectors to Zambia and South Africa. These trades will be perpetual, either for NamPower's consumption or exports or to facilitate wheeling between operating members of SAPP. NamPower envisages being a net exporter as opposed to a net importer after the implementation of the planned projects in the near future.

In some areas, the SADC region experienced supply shortages with severe weather conditions such as drought. Namibian's biggest generator (Ruacana Hydro Power Plant), which usually generates ±1000 GWh per annum, recorded its lowest annual output of about 781 GWh in five years. However, NamPower managed to meet demand with trades from SAPP of about 256 GWh.

Ensure a least-cost energy supply mix

Ruacana output was significantly lower than budgeted, and the increase in USD-based supply options resulted in increased foreign currency (FOREX) exposure which, in the end, impacted NamPower in not achieving the targeted annual cost of production of Namibia Cents 115.20/kWh.

OUR PERFORMANCE IN 2022

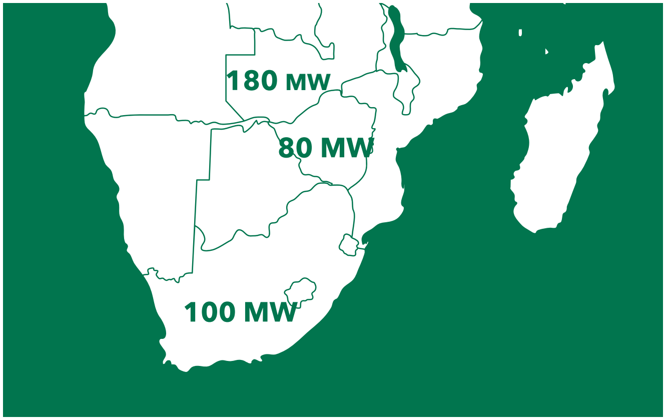
Implementation of the Modified Single Buyer (MSB) Market

Following the implementation of phase 1b of the market framework as from July 2021, in which distribution customers of 1 MVA or more are allowed to participate, a total of 1,823 GWh (including Scorpion Zinc Mine) translating to about 683 MW of solar power is locally available for contestability. 81% (552 MW) of the total 682 MW is planned to be commissioned in the next five years as per the applications from eligible sellers received by the MSB office.

In addition to the 683 MW, a total of 1,107 MW is committed with projects in different stages, ranging from Generation License application stage to an advanced stage of application for SAPP membership for export.

Energy imports by geography:

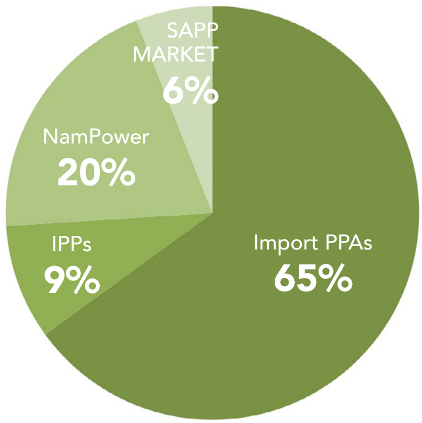
- NamPower is a SAPP member, which coordinates electricity supply operations and trades in the SADC region. To meet demand at all times, NamPower supplements its energy requirements with power from the region through SAPP long-term bilateral agreements (PPAs) and short-term trading markets. Currently, NamPower has bilateral agreements (PPAs) with three sister utilities:
- 100 MW with ESKOM (South Africa)
- 180 MW with ZESCO (Zambia)
- 80 MW with ZPC (Zimbabwe)



SUPPORTING THE DEVELOPMENT OF THE ELECTRICITY INDUSTRY AND THE ECONOMY

Suppliers' contribution

Although Namibia received significant rainfall during the period under review, it is not the main source of inflow to the Kunene River. The amount of energy generated by the Ruacana Hydro Power Station directly depends on rainfall received in the Cunene Province of southern Angola where the Kunene River flows from. The reduced rainfall figures in the Kunene Province during the year negatively impacted the energy generated by Ruacana, resulting in a reduction of 4% (from 24% in the previous year to 20%).



MSB Market

In line with global electricity supply industry standards, NamPower continues to support the implementation of the Modified Single Buyer (MSB) market through its role as the Market Operator, System Operator, and supplier of last resort. Registration procedures and forms for market participants have been developed and Electronic Systems, planned for development in the 2022/2023 financial year, will support the rollout of the different phases of the MSB Market.

LOOKING AHEAD TO 2023 AND BEYOND

NamPower has implemented several projects identified as part of the ISBP 2020 – 2025, with several more currently in various stages of development, as described on pages 86 to 91.

Beyond 2022, NamPower will be guided by the strategic directives from the Government captured in the National Integrated Resource Plan, National Development Plan 5 and the Harambee Prosperity Plan II. In addition, and more specifically, NamPower is finalising its Integrated System Plan (ISP). The ISP aims to align investments identified through the Transmission Master Plan, generation projects, and energy trading opportunities required to ensure a least-cost supply portfolio and the sustainability of NamPower considering financial constraints, the development of the MSB market and the national demand.

In addition, constant attention is given to reducing the unscheduled system minutes losses of the transmission network to ensure high reliability and security of supply. Furthermore, NamPower plans to reduce energy imports by exploring different generation options from local energy sources that are economically and environmentally sustainable.

UNLOCKING THE VALUES OF ELECTRICITY SECTOR COLLABORATION

The evolution of the electricity sector in Namibia and the SADC region at large will significantly increase the number of market players. IPPs are entering the SAPP market providing consumers with more choices. Consumers are also becoming "prosumers" by generating electricity from solar PVs for own use as well as feeding it into the grid. The increased number of market participants will significantly increase the market complexity. A closer collaboration between stakeholders in the market is needed to manage this increase in complexity.

NamPower values the importance of collaboration with all electricity sector stakeholders to support the development of the industry, accelerate electrification towards universal access, develop new products and services, and deliver our project profile.

SUPPORTING THE DEVELOPMENT OF THE ELECTRICITY INDUSTRY AND THE ECONOMY

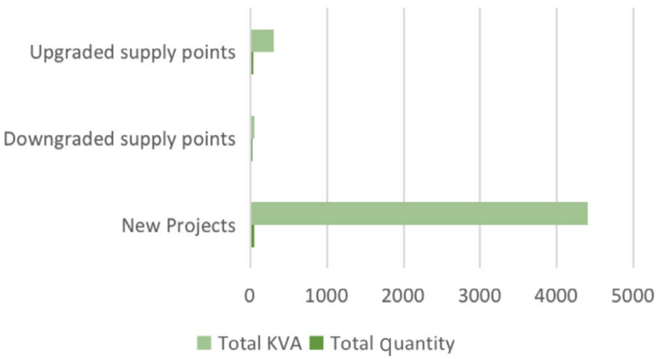
OUR 2022 PERFORMANCE

Several stakeholders are engaged by Distribution and Rural Electrification (RE) to facilitate the realisation of distribution and rural electrification projects. The MME was engaged during the year in formulating strategies on enhancing processes to expedite implementation of RE projects, while consultations took place with local and regional governments, consultants, contractors, and communities on issues of mutual concern and interest.
The Distribution Section furthermore supervises distribution projects in NamPower distribution licensed areas. The graph and table below show the number of new projects, downgrades of supply points and the upgrade of existing supply points in kVA.

New Distribution Section projects and upgrades/downgrades

	New Projects	Downgraded supply points	Upgraded supply points
Total quantity	47	1	6
Total kVA	4,397	50	307

New projects and upgrades/downgrades



DEVELOPING NEW PRODUCTS AND SERVICES (SOLUTIONS) FOR OUR CUSTOMERS

OUR 2022 PERFORMANCE

Network Operations has been working closely with Distribution and Rural Electrification for the central and southern regions on customer connection points. To ensure that the section's appointed operators are well equipped to provide an efficient service in connecting customers to the NamPower network, specialised theoretical and practical training by the High Voltage Regulations and Training (HVR&T) department in Network Operations is provided to them.

Network Operations has, as NamPower's first line of maintenance, continued to attend to network breakdowns, doing line inspections, carrying out substation inspections, and undertaking maintenance. Several projects that contribute to the development of new services to customers, such as increased power capacity and providing more customers with connection to NamPower's network were furthermore executed during the year. These include:

- Aris Substation Transformer Upgrade to 5 MVA – Aris Substation supplies farms and mines in the area. The project cost was N$6 million and the work was executed inhouse by Transmission
- Nabas Substation Transformer Upgrade to 5 MVA. The Nabas Substation supplies various farms, Koes Town, Aroab Town (Karas Region), and Rietfontein Town in South Africa. The project cost was N$9 million and the work was executed inhouse by Transmission

Network Operations also engages its customers regularly through various meeting platforms. Several technical meetings with REDs were held during the previous financial year. These meetings allow for direct customers interactions as well as suggestions on how to improve our services.

One of the major challenges that all the companies are facing is the issue of copper theft, hence the meetings allow for sharing of strategic ideas on how to combat this problem. The technical meetings have had a positive effect on the NamPower – REDs working relationship.

Annual maintenance of HVDC and FACTS devices

Annual maintenance of High-voltage Direct Current (HVDC) and Flexible Alternating Current Transmission System Devices (FACTS) devices is essential to increase their reliability and availability. During the year, the annual maintenance of HVDC and FACTS devices was carried out successfully during the following intervals:

1. Filter bank annual maintenance: 24 February 2022
2. Auas Static Var Compensator (SVC) annual maintenance: 25 – 29 April 2022
3. HVDC: 30 March 2022 – 12 April 2022
4. Omburu SVC annual maintenance: 22 – 23 June 2022

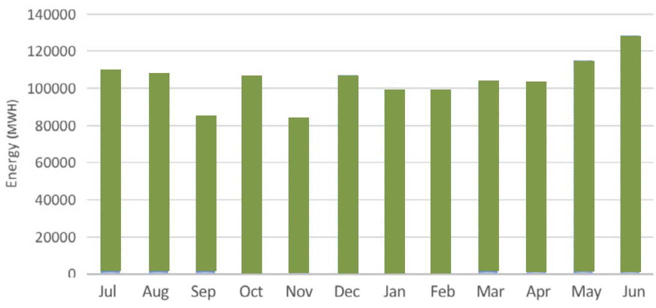
Availability of HVDC and FACTS devices

The SVCs, as well as the Zambezi Link Interconnector HVDC link, continue to be an integral part of the NamPower transmission network. The table below illustrates the percentage availability for the year:

Percentage availability of HVDC and FACTS devices

Name of HVDC/FACTS device	Percentage availability
Omburu SVC	99.682%
Auas SVC	99.952%
Zambezi Link Interconnector	99.681%

Energy imports over the Zambezi Link Interconnector: 2021/2022



The energy imports over the ZLI totalled 1,223,602.298 MWh during the year. This is equivalent to transmitting 139.68 MW continuously over the link.

HVDC and FACTS projects

The following projects are currently being undertaken under HVDC and FACTS:

1. The Omburu SVC Upgrade is 95% complete, and expected to be closed in the current financial year. This project involves upgrading of the SVC equipment at Omburu Substation which were installed in 1989 and have now aged, further improving the reliability of the assets
2. The HVDC Thermal cameras project is 60% complete and is expected to be closed in the current financial year. This project involves installing thermal cameras in the HVDC buildings to improve the safety of the HVDC equipment by preventing the risk of fire hazards due to high temperatures
3. The Gerus cable trenches and 22 kV switchgear project is 30% complete and is expected to be closed in the coming year. This project involves the refurbishing of the existing cables and adding of a circuit breaker to prevent faults that may cause constant loss of power at the Gerus Converter Substation

4. All 13 REFIT projects have been completed, with Unisun PV being the last to reach grid compliance in November 2022. These projects involves the commissioning of solar PV plants which add to the local electricity generation capacity
5. A project motivation has been done for the full construction of electrode stations at the Otjiwarongo (Gerus Substation) and the Katima Mulilo end of the HVDC transmission line. This will enable an increase in the power import/export capacity of the HVDC and will reduce the power losses over the HVDC line, reducing the costs incurred by NamPower on these power losses. The project is planned for commencement in the 2022/2023 financial year

LOOKING AHEAD TO 2023 AND BEYOND

To ensure continuity of supply, necessary supply will be provided to other core sections of the business by Network Operations. Plans are also underway to execute the remaining transformer upgrade projects, namely Mpasi and Finke Substations. Several operational projects that, once completed, will help Network Operations to run smoother and increase performance, among which include:

An ongoing power line servitude vegetation management (bush clearing and herbicide application) project to keep the power line servitudes clean. This has many benefits, one of which is that it allows for the lines to be accessible for inspections, line maintenance and in case of a breakdown.

- Projects to repair substation entrance roads to ensure suitable access for heavy-duty vehicles such as lowbed trucks and cranes to the substations during maintenance and upgrade outages
- Line and substation refurbishment projects involving refurbishment of certain portions of a line/substation as part of preventative maintenance and unplanned system breakdowns due to aging components

OUR 2022 PERFORMANCE

The Transmission Master Plan is built on three pillars: (1) load/ demand growth, (2) generation integration, and (3) regional interconnectivity, and is supported by the Grid Code that requires the transmission business unit to provide an annual network expansion plan, indicating the significant capital investment planned to ensure system stability and reliability. Numerous customer-related studies were therefore conducted during the year to integrate distribution, transmission and generation customers and cater for future load growth, generation and wheeling opportunities.

The outcome of the studies revealed that due to the high capital costs, long-lead times and sometimes slow procurement processes, some customers indicated a preference for more affordable and quicker solutions.

Update on existing projects:

- Rosh Pinah Zinc Mine 18.5 MVA supply: The customer opted for a self-build, new dedicated 66 kV line from Obib Substation to Zincum Substation. The project is under implementation; however it has been put on hold by Rosh Pinah Zinc Mine.
- Okahandja Army Base Substation upgrade to 10 MVA: This is a long-term supply for Osona Village and other surrounding customers. The project is yet to commence.
- Diaz Wind Power 44MW IPP: This IPP will sell energy to NamPower. Transmission Connection Agreement signed; however the project has not commenced yet.

New projects:

- NORED Okapya 5MVA supply – commissioned 26 February 2022
- NamPower distribution: Nabas 5MVA supply – commissioned 02 June 2022
- NamPower distribution: Bravo Temp (Osona Village) 2MVA supply – commissioned 14 June 2022

Network protection

In addition to the above projects, several new network protection settings were completed, including those of major projects such as:

- Aussenkehr 30 MVA 132/22 kV Transformer 11
- Rundu 20 MVA 66/11 kV Transformer 11
- Lithops 40 MVA 220/132 kV Transformer 2 and 4
- Khurub – Aussenkehr 132 kV Feeder
- Omburu 20 MW Solar Photovoltaic (PV) integration
- Van Eck 90 MVA 220/66 kV Transformer 3

Revised protection settings

Numerous protection settings were successfully revised and provided following requests from Network Operations, Protection Telecommunication Metering and Control (PTM&C) and Modified Single Buyer (MSB), some of which were for emergency operations. The received requests for revisions include the following:

- 10 MVA Solaris Mobile Substation (Rundu deployment)
- Kombat 1 MVA 22/11 kV Transformer 11A and 11B
- Kokerboom – Harib 1,220 kV Feeder
- Rössing 5 MVA 22/11 kV Transformer 11 (returned)

Fault investigations

Fault investigations within the network were also conducted and remedial measures were provided, to safeguard the network against future interruptions. Some of the major fault investigations during the year include the following:

- Omburu – Ruacana 1,330 kV Feeder trips
- Kokerboom – Obib 1,400 kV Feeder trips
- Harib – Aggeneis 1,220 kV Feeder trips

LOOKING AHEAD TO 2023 AND BEYOND

NamPower's Transmission Business Unit, particularly System Security and Planning section will continuously conduct power system studies (customer related, network protection and special studies) to satisfy the customer requests (both internal and external).

INNOVATIVE INFORMATION COMMUNICATION TECHNOLOGY SOLUTIONS

The Information Services (iServ) business support section strives to be a dynamic and preferred e-business partner, providing secure, high-quality service to NamPower to meet the Company's needs by leveraging state-of-the-art technologies to build a high-performing workforce.

OUR PERFORMANCE FOR 2022

NamPower Information Services (iServ) managed high availability of the Local Area Network (LAN) services throughout the review period.

Local Area Network	99.71%
Services	99.98%

Information Technology Services (IT)

The minimal duration of IT services downtime was attributed to scheduled downtime for upgrading of systems and networks.

Innovating new technologies to manage cyber risk

The prevalence of cybersecurity attacks in the power sector on a global scale is rapidly evolving and expanding, with more frequent attacks and increasingly sophisticated malware and tools that are more widely available and sometimes indiscriminately deployed. Innovation is at the forefront at NamPower, to ensure the protection of our critical infrastructure and safe and uninterrupted operations. A cyber vulnerability and gap assessment was embarked upon during the year with recommendations for action.

Two external vulnerability scans were performed during the past year, and all findings were resolved. In addition, several internal vulnerability scans were also performed, with the most critical findings addressed.

The Information Services business support ran companywide cybersecurity workshops educating employees on identifying and protecting themselves and the Company from the risk of cybersecurity attacks.

A bid was awarded to a local company, ONIX Business Solutions in partnership with Snode Technologies to assist with compiling a Cybersecurity Strategy. Several companywide gap analysis surveys and workshops were completed to identify as-is security statuses, improvements, and recommendations regarding cybersecurity in NamPower. These exercises will culminate in compiling a Cybersecurity Strategy, which will inform several tasks and projects.

Engineering Document Management (EDM)

Through a procurement process with international reach, NamPower appointed a Contractor to design and implement OpenText Extended ECM for Engineering, which is a business solution designed for engineering project teams, contractors, and vendors to enable collaboration on document intensive processes. OpenText xECM for Engineering helps to manage risks to engineering projects by providing tools and features that will allow NamPower to control changes to engineering and asset information, as well as manage the exchange and integration of that information in OpenText Content Server ("PowerCloud").

OpenText Extended ECM for Engineering includes the following:

- Document and revision control features are designed to support engineering projects beyond the standard functionality provided in PowerCloud and allow for the enablement and review of state-based approval of the process flows designed to help engineering projects comply with internal and external regulatory requirements
- Role-based dashboards that list pending jobs, control access to information, report on activities and integrate with other engineering systems
- Inbound and outbound transmittals that enable users to exchange large volumes of information with internal and external project participants
- Automatic document naming and numbering, which enforces rules and standards and minimises manual error

The implementation process is planned to start during the first quarter of the 2023 financial year. Since EDM v22.2 will be implemented, PowerCloud will also be upgraded to v22.2.

Development of new products and services (solutions)
The Go-Live for SAP Multichannel Foundation Online Payment for ESI Customers

To enhance operational efficiency and provide our transmission and distribution customers with more streamlined and accessible payment options, the Customer portal based on the SAP Multichannel Foundation solution was enhanced to allow Online Payment. The solution will enable customers to use the NamPower customer portal to make real-time bank payments, automatically updating payment transactions to the customer account in the NamPower ERP System.

OUR 2022 PERFORMANCE

The procurement of the Meter Data Management System (MDMS) was completed as planned with the Landis+Gyr GridStream AIM system selected for implementation. The implementation has commenced and will be completed by the end of 2022.

Furthermore, the following projects were completed:

- SAP S/4 HANA ERP system patching: The SAP system patching implements SAP Support Packages to fix bugs and security vulnerabilities and improve existing system functionality. The purpose is to keep productive applications up to date regularly with a minimal cost of ownership, and to reflect broader changes in the business environment. All NamPower's SAP systems will be on the latest Support Package level after successful completion of the project.
- Implementation of SAP Pool Asset Management (PAM) for fleet vehicle booking: The PAM business functionality allows for the optimisation of fleet vehicle booking and recoding of kilometres travelled, and automation of expense accounting related to the running of vehicles.
- Roll-out of the SAP PPM online budget: The Portfolio and Project Management (PPM) online budget tool allows for compiling projects' annual budgets to be completed in a corroborative online environment.
- Implementation of baseline SAP Payroll Control Centre: The Payroll Control Centre is an attempt to modernise the running and controls surrounding the administration of payroll accounting with an implementation mechanism for checking policies, processing errors, and completeness checks resulting in a dashboard with easy tracking of resolution of payroll issues.

LOOKING AHEAD TO 2023 AND BEYOND

- We will proceed with the rollout of the prepayment system for transmission customers with the implementation of SAP prepayment solution for utilities and upgrade the S/4 HANA ERP System to the latest release.
- Information and data protection is on the horizon for the next fiscal year, the primary focus being to protect NamPower's documentation.

THE GRIDONLINE

The GridOnline, NamPower's inhouse brand for the wholesale supply of managed data transmission services, is steadily growing and generating additional revenue for NamPower.

Five additional contracts for providing client data transmission services have been completed during the past financial year, resulting in total earnings of N$788,600 per month or N$9,463,200 per annum. This is significant because the infrastructure NamPower utilises for this purpose is mostly in place for NamPower's own needs and mandates. Funding generated by commercialising the fibre optic network can therefore be effectively utilised.

With the tri-partite dark fibre lease agreement that ended at the end of May 2022, NamPower has terminated its old dark fibre lease with Telecom Namibia and MTC. The commercial services offered by The GridOnline product portfolio has the capacity to migrate these two institutions onto the same platform as the rest of NamPower's clients using our commercial data transmission services. This allows for proper infrastructure sharing and maximally utilising asset value.

The GridOnline continues to benefit the Namibian ICT sector and consumers by reducing the per-bit rate pricing on data backhauling. This was showcased and praised by CRAN (Communications Regulatory Authority of Namibia) during its stakeholder engagement meeting with the ICT role-players of Namibia. By bringing more customers on board, NamPower is in an ideal position to enable the communication sector by bringing down the per-bitrate price for the entire nation while generating additional revenue.

The efforts to grow further have been intensified. Some of the significant highlights include:

1. Utilising the closure of fibre gaps – With NamPower closing several optic fibre gaps to select regional offices and substations, the benefit is effectively doubled. As a result, NamPower gains much-needed connectivity to its stations in monitoring and operations and attracts more commercial clients for The GridOnline. Five gaps have been closed during the past financial year alone, and the exercise to close more gaps is underway.
2. IP Transit (IPT), a top-level interconnection to the Internet, is being implemented for NamPower, providing additional flexibility, opportunity, and functionality for its cloud-based IT services. In addition, implementing the IPT can reduce NamPower's Internet costs.

A second submarine fibre optic cable (Google Equiano) has landed in Namibia, doubling the international connectivity for Namibia and its landlocked neighbours. NamPower's terrestrial fibre optic network utilising state-of-the-art DWDM technology plays a vital role in transporting this additional traffic throughout and beyond Namibia's borders.

Meter Data Management System and implementation of pre-payment for Transmission and Distribution

NamPower has concluded the acquisition of the Meter Data Management System with the selection of the Grid Stream AIM system by Landis+Gyr. The implementation of MDMS has commenced with commissioning planned towards the end of 2022. The MDMS will further strengthen the business process of meter to cash with a controlled environment for meter management, allowing Realtime visibility and automated validation capability.

NamPower is busy conducting modifications of selected transmission and distribution stations to enable remote monitoring and control of those supply points. This functionality is required for the expected implementation of the pre-payment system that NamPower is busy enrolling. The distribution of cross-border supplies to Angola's electricity utility, RNT has been upgraded to modern reclosers with the ability to be operated remotely. The selected substation solution is in the procurement process, with the first phase expected to be completed by November 2022.

LOOKING AHEAD TO 2023 AND BEYOND

NamPower has been declared as a dominant player in the ICT sector alongside Telecom Namibia in data transmission infrastructure. NamPower is thus obligated to share and avail capacity to the ICT sector.

The GridOnline is expected to transform the ITC industry as an enabler to the small, medium and large players, playing a vital role in facilitating data transmission from submarine cables to landlocked countries.

ACCELERATING ELECTRIFICATION TO RURAL AREAS OF NAMIBIA

Namibia's rural electrification programme is part of the Government's economic development policy to scale electricity supply infrastructure outwards to rural areas. This will improve Namibian citizens' socio-economic conditions and create the necessary incentives for economic development in the targeted areas.

The National Electrification Policy expresses the Government of Namibia's recognition and commitment to lead actively, support, and promote accelerated national electrification. These efforts are underpinned by a set of key principles, noting that their consistent application by all relevant stakeholders is an integral part and essential requirement of implementing this Policy.

Over the past few decades, informal areas around urban centres have expanded rapidly. Often, the rate at which such areas are electrified, if at all, is much lower than their growth.

The Ministry of Mines and Energy's rural electrification programme focuses on providing grid electricity infrastructure to connect Government assets in rural areas both on to the national grid, and off grid. This in turn benefits households and other service points in the areas benefiting from the rural electrification projects. The MME conducts annual rural electrification planning, which includes requesting submissions from Regional Councils identifying priority areas for electrification. These submissions are duly considered and vetted by the MME before implementation. These projects are funded from the MME's annual budget and implemented by NamPower.

Guided by our own electrification plan and that of Regional Councils, NamPower identifies, implements, and funds rural electrification from own funding and from grants provided by the European Investment Bank. Rural electrification assets funded by the MME or NamPower are handed over to the relevant distribution licensee and are operated and maintained by the licensee in whose area of responsibility such infrastructure is located.

NamPower funded projects

NamPower continues to hasten the electrification of government institutions and communities in rural areas of Namibia. Projects indicated below were completed during the year under review.

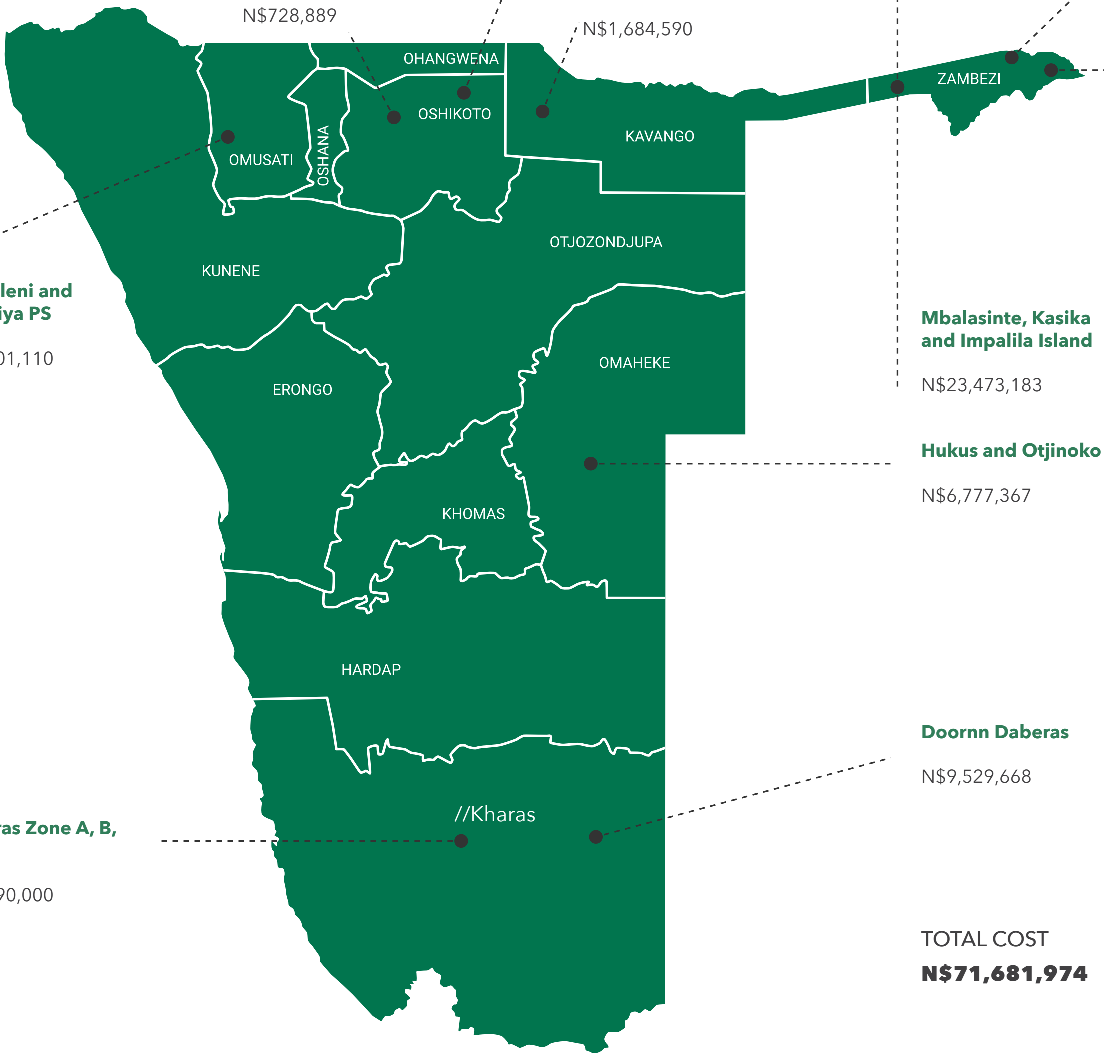
The highlight of the rural electrification projects this year was the construction and completion of the 60 km long overhead line that starts at Ivilivinzi up to Impalila Island, connecting the localities of Mbalasinte, Kasika and Impalila Island in November 2021. This electrification project was carried out at a cost of N$23.5 million and is expected to benefit over 300 households, schools, businesses, and public offices in the respective localities.

Progress on various rural electrification implementations projects is depicted below:

Number of NamPower funded RE projects completed, in progress and at Bid evaluation stage: 2021/2022

NamPower funded projects completed and energised

The bulk of the projects (25) from the current (2021/2022 financial year) are still in progress and are at different stages of execution as indicated in the table below.



Oshikondailwa, Ehangano and Ohahati

N$4,973,200

Mahundu

N$4,431,595

Ibbu, Kayuwo and Malundu

N$4,476,635

Onamungundo

N$728,889

Mpengu

N$1,684,590

Maunga and Kakiramupepo

N$915,737

Panduleni and Taadhiya PS

N$7,101,110

Mbalasinte, Kasika and Impalila Island

N$23,473,183

Hukus and Otjinoko

N$6,777,367

Doornn Daberas

N$9,529,668

Vaalgras Zone A, B, C, D

N$7,590,000

TOTAL COST

N$71,681,974

NamPower funded projects at execution phase

Project name	Region	Project value (N$)	Project status
De Riet	Kunene	2,589,400	90% completed
Etanga	Kunene	213,773	28% completed
Otjikoyo	Kunene	5,594,607	28% completed
Otjiyere, Ondjombo and Okomukaro	Omaheke	8,681,000	99% completed
Ondjiripumua	Omaheke	5,075,201	99% completed
Ohakavena	Omaheke	4,310,434	99% completed
Nahas Angula	Oshikoto	8,708,768	90% completed
Awala	Oshikoto	2,029,275	90% completed
Olukupa	Oshikoto	2,501,733	90% completed
Oomanya	Oshikoto	1,915,580	90% completed
Ndjuwila and Ombalagelo	Oshikoto	2,983,805	90% completed
Omishe and Onayisaati	Ohangwena	3,998,400	99% completed
Loide Nadunya	Ohangwena	2,186,204	99% completed
Shatipamba	Ohangwena	5,834,175	99% completed
Eengwena Elao and Onehapi	Ohangwena	7,463,169	20% completed
Witdrift and Laference	//Kharas	745,724	58% completed
Snyfontein	//Kharas	10,713,943	58% completed
Kasibi	Zambezi	1,740,397	85% completed
Liswani and Lyanshulu	Zambezi	1,029,492	85% completed
Farm Koherab Locality	Hardap	1,163,000	10% completed
Farm Naris, Vleiveld, Schlip, Steyn	Hardap	7,463,196	10% completed
Kalanawa and Mungomba	Kavango West	1,442,726	75% completed
Shanghaya	Kavango East	1,321,630	80% completed
Amwaama gwa Shaanika	Omusati	4,659,800	25% completed
Ouma and Ondeipanda	Omusati	2,156,673	25% completed
TOTAL COST		**96,522,105**	

Ten projects were at Bid evaluation stage during the year under review, awaiting approval from the Procurement Committee.

Bids evaluated and in the process of being awarded

Project name	Region	Project value (N$)	Project status
!Khoros and August Dam	Hardap	2,843,100	Bid evaluation complete and in the process of being awarded
Jakkalsdraai	//Kharas	2,987,751	Bid evaluation complete and in the process of being awarded
Edward	Ohangwena	2,656,216	Bid evaluation complete and in the process of being awarded
Goreses	Omaheke	3,213,648	Bid evaluation complete and in the process of being awarded
Matende	Kavango West	3,254,127	Bid evaluation complete and in the process of being awarded
Seringkop	Kunene	987,886	Bid evaluation complete and in the process of being awarded
Oshikolongondjo	Oshana	687,031	Bid evaluation complete and in the process of being awarded
Namasira Police Post	Kavango West	2,414,922	Bid evaluation complete and in the process of being awarded
Vergenoeg	//Kharas	2,334,754	Bid evaluation complete and in the process of being awarded
Swartdam	Hardap	3,032,651	Bid evaluation complete and in the process of being awarded
TOTAL COST		**24,412,086**	

Ministry of Mines and Energy funded projects

NamPower was appointed the implementing agent for the RE projects on behalf of Ministry of Mines and Energy (MME), with MME providing the funding thereof. A total of 32 schools will benefit from the MME funded projects once completed. Regions benefitting from this initiative are indicated in the following table.

MME Funded projects at Bid evaluation and construction stage

Project name	Localities	Project value (N$)	Project status
Ohangwena (2020/21)	Eexwa PS, Haixuxwa PS, Okanaimbula PS, Onamihonga PS, Onehanga PS and Oshitutuma CS	13,224,831	68% completed
	Omuuni CS, Shatiwa PS, Udeiko Haufiku PS, Shiweda PS and Okadidiya PS	12,720,315	Bid evaluation complete
Zambezi	Mukorofu PS, Namiyundu CS, and Nankuntwe CS	6,394,359	35% completed
Kavango West	Mukekete PS, Mpotomutalala PS, Kandumbu PS, Suni PS, Nairenge PS, Katjinakatji Constituency office	10,103,700	40% completed
	Sava PS, Nandingwa PS, Wiwi PS, Mbore Zahalili PS and Hema PS	14,664,472	Bid evaluation complete
Kavango East	Shadimbungu, Kavitji, Dumushi, Ncorosa, Alloys Hashipara and Tam-Tam	6,684,600	To be readvertised
	Shamakuvi JP, Shividi JP, Mashi JP, Shayirungu JP, Shamambungu JP, Pikinini JP, Shamburu JP and Shinunga JP	6,806,262	Bid evaluation complete

LOOKING AHEAD TO 2023 AND BEYOND

NamPower will continue to fulfil its social responsibility and its core mandate of ensuring security of supply and will continue to invest in Namibia and her people in a sustainable manner.

OPTIMISING FINANCIAL SUSTAINABILITY

FINANCIAL PERFORMANCE OVERVIEW

NamPower has a vested interest in the electricity sector's overall financial sustainability due to the integrated nature of the value chain. Therefore, NamPower supports the Government and the Regulator in driving regulatory change towards a new market design and underlying tariff regime while maintaining the financial sustainability of the electricity sector.

To optimise financial sustainability and increase competitiveness in the evolving electricity market, NamPower will develop and implement customer-focused strategies to improve customer confidence. In return, it increases revenue, grows shareholders' value, ensures sound liquidity, and maximises profitability in an ever-evolving Electricity Supply Industry.

The impact of the Covid-19 pandemic on businesses, combined with the struggling economy remains persistent, with only a gradual improvement in economic activity expected. In addition, weather patterns have become more and more unpredictable, impacting on generation output from NamPower's intermittent sources. NamPower nonetheless, continues to focus on delivering on its mandate - of ensuring the security of supply amidst these challenges faced.

We have concluded another financial period marked with consistent availability of power to our customers. Such achievements within a region experiencing significant power shortages than ever before, came at a cost which is evident in the financial results presented herein. NamPower's role as a supplier of last resort stretched the Company's financial resources to avoid load shedding. Ensuring security of supply remains the guiding principle in our dealings with our counterparts within the region, as the cost of load shedding to the economy far outweighs high import prices. Namibia will remain dependent on imported electricity and will continue to experience the effects presented by other regional utilities, both postive and negative, until several new generation sources are implemented within the country by NamPower, supplemented by independent power producers.

Despite a 2.92% tariff increase awarded to NamPower by the regulator, group revenue for the 2021/2022 financial year remained the same as the prior year, at N$6.5 billion. This is primarily driven by the decrease in sales volume of 5% (2020/2021:10.3%) from 3,903 GWh to 3,701 GWh, indicative of the prevailing challenging economic conditions in the country. Maximum demand increased to 638 MW compared to 617 MW achieved in June 2021, an increase of 3.4% (2020/21: 10.3% decrease) due to extreme weather conditions experienced in the country during June 2022.

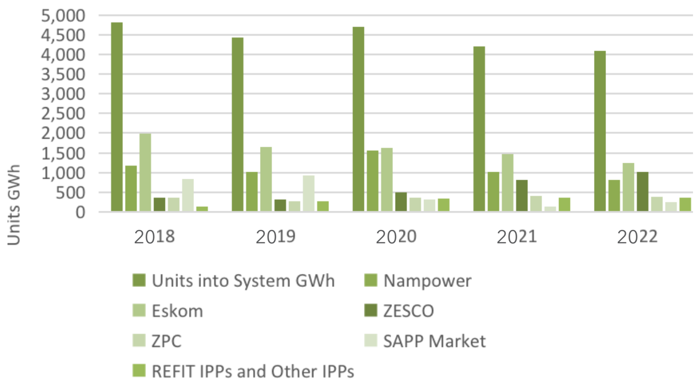
The Ministry of Mines and Energy introduced the LRMC Levy in 2013 to create a reserve for use to avoid significant future price shocks to the Namibian consumer. This levy was first included in the 2014 financial year tariff at 2.54 cents/kWh. As was the case in the previous financial period, no LRMC Levy was included in the tariff for the year under review. In line with the Regulator's directives Electricity Control Board, the LRMC Levy is ring-fenced in the Company's books and invested in a separate interest-bearing account, effective from 1 July 2018. These funds can only be utilised with the specific approval of the Regulator. It is accounted for as deferred revenue and amounts to N$310 million as at the reporting date. During the year under review, the Regulator allowed the utilisation of N$157 million (2020/2021: N$175 million) to subsidise the construction of a NamPower Solar Plant, Omburu PV Plant, and a further N$35 million to subsidise the fuel cost of Van Eck and Anixas Power Stations. An amount of N$32 million was claimed by NamPower to be released for the 2022 financial year as provided for by the Regulator in the tariff award for the year under review.

The cost of electricity increased by 13.9% from N$4.5 billion achieved in the previous financial year to N$5.1 billion for the year under review. NamPower relies on regional trading partners to meet the country's electricity demand. Ruacana Power Station operated mainly as a mid-merit peaking plant for the year, except between March 2022 and April 2022 when late rains were received in the middle-lower Kunene River catchment area. The flow averaged 78 cumecs (2020/2021: 93 cumecs), decreasing NamPower's generation to 19.9% compared to 24.1% achieved in the previous year. Of the total 4,097 GWh units of electricity into the Namibian system during the year under review, 71.2% (2020/2021: 67.4%) was imported from the region.

The high cost of imported electricity was the main contributor to the increased cost of electricity, driven by the depreciation of the Namibia Dollar against the United States Dollar, in which some major import contracts are denominated.

IPPs contributed 8.9% (2020/2021: 8.6%) of the total units into the system during the reporting period. NamPower concluded 14 new Power Purchase Agreements (PPA's) of 5 MW each with Independent Power Producers (IPPs) in the renewable energy sector under the Renewable Energy Feed-In Tariffs (REFIT) during the 2016 financial year. Thirteen (13) out of these 14 REFITs are operational and supplying NamPower with electricity. Of the 4,097 GWh units of electricity into the Namibian system, 181.7 GWh (2020/2021:173 GWh) was generated by the REFIT IPPs. Under the REFIT PPA contracts, NamPower purchased power at an inception tariff of N$1.37/kWh (solar) and N$1.08 kWh (wind), which is adjusted annually on 1 July with the Namibian Consumer Price Index (CPI).

Units into the System (GWh)



Other income for the Group amounted to N$85.4 million (2020/2021: N$108.8 million). Included in other income is income from fibre optics rentals (N$15.3 million) and property rentals (N$2.8 million). The Government of the Republic of Namibia (sole shareholder) committed to subsidising N$250 million towards constructing the Anixas Emergency Diesel Power Station in Walvis Bay in 2010. Of this grant, N$81.6 million has been recognised as income, and the remaining N$168.4 million will be recognised on a systematic basis over the useful life of the power plant. The accrued income of N$8.9 million (2020/2021: N$8.9 million) in respect of this grant and the N$32 million fuel subsidy released from LRMC (2020/2021: N$50 million) for power stations are included in other income for the year under review.

In 2020, the Regulator approved an amount of N$342.0 million to be utilised from the LRMC towards the cost of the construction of a 20 MW Solar Power Station, Omburu PV Plant. The funds are claimed when the Group incurs cost of construction. To date, N$331.8 million has been claimed and received during the construction of the power station. The construction of the Power Plant was completed during the year under review and started supplying power since April 2022. The balance of this grant will be received in the 2023 financial year. Of these funds, N$3.3 million (2020/2021: Nil) was recognised as income during the current year, while N$328.5 million (2020/2021: Nil) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

Employee costs for the year amounted to N$992.5 million (2020/2021: N$996.6 million) representing a decrease of 0.41% (2020/2021: 4.1% increase) for the year under review. There were no salary increases granted to employees during the year under review. The head count decreased by 2.7% from 1,165 to 1,134 at the end of the financial year. Combined, these accounted for the decrease in employee costs.

Depreciation and amortisation for the year amounted to N$1.4 billion (2020/2021: N$886 million) driven by an increase in the value of revalued assets i.e., power stations, transmission systems, aircraft, and land and buildings, as well as new additions to the asset base, as at 30 June 2021. Other operating expenses increased by 50% (2020/2021: 6.2%) from N$413.9 million achieved in the previous year to N$620.7 million for the year under review. Repairs and maintenance costs of transmission networks and the power stations remain core activities of the Group ensuring that assets continue to be reliable in delivering power to the nation. Costs associated with these activities amounting to N$74.1 million (2020/2021: N$111.8 million) are included in other operating expenses.

A net impairment loss on financial assets amounting to N$32.8 million was recognised in profit and loss during the year under review. This impairment includes a reversal of impairment loss on other financial assets amounting to N$1.2 million and an increase in expected credit losses of N$34.1 million in respect of trade receivables. The expected credit loss considers the potential effects of the challenging economic situation prevailing in the country and the adverse impact of Covid-19 on businesses that may result in delayed settlement of accounts by some customers.

Investment income for the year decreased by 8.1% (2020/2021: 23.8% decrease) from N$600.6 million to N$551.8 million for the period under review. The increase in capital expenditure in respect of transmission and generation infrastucture and slow collections from customers reduced the average value of investments held during the year under review and together with low interest rates contributed to the reduction in investment returns. The next few years are expected to be characterised by major capital outlays mainly in respect of expanding generation capacity and upgrading the transmission backbone system, hence investment income is expected to decrease correspondingly despite the increases in investment yields anticipated over the same period.

As a result of the combined effects of the increase in cost of electricity, the net fair value loss on embedded derivatives on Power Sale Agreements and Power Purchase Agreements and a lack of growth on electricity sales, the Group made a loss before interest and tax amounting to N$2.3 billion compared to a profit of N$1.1 billion achieved in the previous year.

It is NamPower's policy to hedge committed foreign exposure. Changes in the market conditions, particularly in the exchange rate of the Namibia Dollar against the major trading currencies, (US Dollar, Euro, and British Pound) impacted profitability resulting in a net fair value loss on foreign exchange of N$797.3 million (2020/2021: N$1.2 billion gain), as made up of the following:

- Net fair value loss on derivatives and foreign loans of N$4.8 million (2020/2021: N$9.7 million)
- Net fair value loss on embedded derivatives on Power Sale Agreements and Power Purchase Agreements of N$1.0 billion (2020/2021: N$1.4 billion gain)
- Fair value loss on firm commitments N$687 thousand (2020/2021: N$2.6 million gain)
- Net foreign exchange gain of N$215.0 million (2020/2021: N$167.0 million loss)

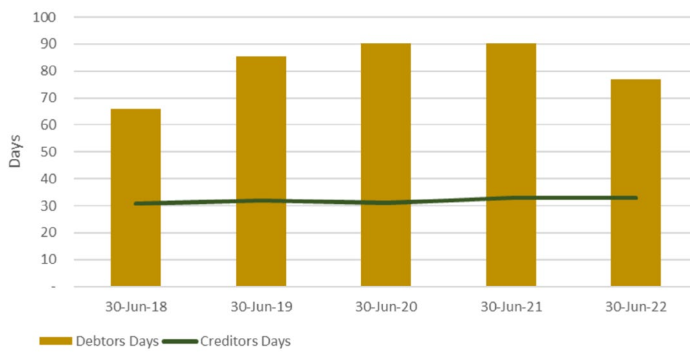
No tax is payable as a result of the assessed tax loss for the current year (2020/2021: N$229.4 million). Tax charge to the profit or loss after considering the effects of the deferred tax was N$590.3 million (credit) (2020/2021: N$437.5 million (expense). The Group made a loss after tax of N$1.2 billion compared to a profit of N$1.2 billion in the prior year.

In honouring its responsibility as a good corporate citizen, the Group made the following tax remittances to the authorities:

Description	2022 N$'000	2021 N$'000
Income taxes	-	229,403
Pay as You Earn	211,743	205,605
Value Added Tax	632,777	657,533
Withholding taxes on interest on foreign loans	3,417	4,497
Total	847,937	1,097,038

Cash generated from operations decreased from N$992.4 million during the previous year to a negative cash generated of N$350.2 million. This is mainly attributed to the increased cost of electricity and slow collection of revenue from customers. Management has reached out to the customers in order to find solutions for customers to clear outstanding debts. NamPower acknowledges the financial challenges posed by the difficult economic situation in the country, the impact of the Covid-19 pandemic on businesses and has engaged customers to negotiate reasonable payment plans to settle their accounts. Although this initiative has not yet yielded the desired results, it is encouraging to report the improved debtors' collection days from 90 days to 77 days over the reporting period.

Debtors and creditors days



The operating losses incurred and the low collection rate from customers discussed earlier resulted in negative cash flow from operations being available to meet debt service obligations. As a result, the Group has informed the affected lenders (being KfW, AFD and EIB collectively referred to as the affected lenders) that it failed to comply with the financial covenants under the various finance contracts, namely the Debt Service Coverage Ratio (DSCR). As a result of this notified event and pursuant to the terms of the contracts in place, the affected lenders would, inter alia, be entitled to demand immediate repayment of the loan outstanding.

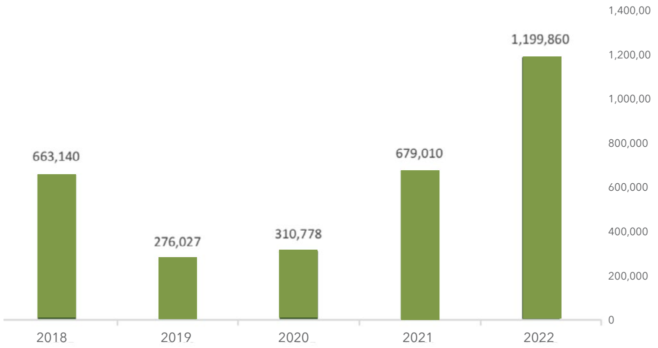
In light of the above, NamPower requested the affected lenders to amend and waive certain provisions of the finance contracts. Pursuant thereto, the affected lenders waived their rights to demand an immediate repayment of the loans outstanding. In line with the international reporting standards adopted for use, the Group has disclosed the loans outstanding relating to the breach amounting to N$524 million as current liabilities as at 30 June 2022.

Capital expenditure for the year under review amounted to N$1.2 billion (2020/2021: N$679.0 million). Based on approved projects and progress made with the execution of these projects, it is expected that the Group will continue to report significantly higher capital expenditure when compared with previous periods.

TOTAL ASSETS FOR THE GROUP INCREASED TO N$49.8 BILLION

from N$45.2 billion, mainly as a result of the desktop revaluation of the aircraft fleet, generation, and transmission networks, which resulted in an increase in the value of property, plant and equipment by N$5.9 billion.

Capital expenditure (N$'000)



After considering the funding requirements of the Group into the future, a decision was taken to de-list the NamPower bond programme from both the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) subsequent to year end. Going forward, plans are underway to register an appropriate programme on the NSX. In addition, the Group is in discussions with several Development Funding Institutions (DFIs) to source the financing needed to support its capital development programme. The successful conclusion of these initiatives will result in an increased level of debt being carried on NamPower's statement of financial position.

The shareholder, the Government of the Republic of Namibia, continues to support NamPower, without which the delivery of our mandate would not be possible. NamPower supports Namibia's blueprint to become an industrialised country by the year 2030 through the HPP II, which sets out clear targets to achieve. These targets emphasise the development of power generation facilities and broader access to electricity to promote economic growth and improve our citizens' standard of living.

NamPower, the primary role player in the electricity supply industry, has recommitted itself by taking advantage of opportunities that guarantee a secure and reliable power supply to the country and its citizens.

DRIVING ORGANISATIONAL AND OPERATIONAL EXCELLENCE

HUMAN CAPITAL

NamPower will "Drive organisational and operational excellence" by building an ethical, engaging and high-performance culture, in order to achieve top employer status, developing additional capabilities and technologies to meet new market requirements, and driving innovation and new business opportunities.

A key aspect of our mission statement is to "fulfil the aspirations of our staff". An internal employee climate survey was conducted in June 2022 to measure performance of this crucial aspect, with an overall participation rate of 45%. The survey captured employee engagement levels while measuring employee engagement and attraction to the Company. The survey results have greatly improved our employee engagement, inculcated a high-performance culture, and ensured we continually strive for excellence.

The data from the survey reflects the following scores and insights:

Positive themes from survey

LEVEL OF ATTRACTION
69.70%

Positive themes from survey

LEVEL OF ENGAGEMENT
67.03%

Improvement areas from survey

NamPower remains an employer of choice, with high ability to attract the required human capital from the labour market.

Employees are engaged in their work, with high intention to remain in service, which keeps our labour turnover low.

NamPower measures its performance at the corporate, business unit and individual levels annually. An overall corporate performance score of 2.16 out of 4 was achieved at year-end (2021: 2.56), indicative of satisfactory performance, considering that the organisation strived to contribute to the country's sustainability during the hardship caused by the Covid-19 pandemic. The corporate performance was significantly weighed down by the negative corporate financial performance discussed in detail under Optimising Financial Sustainability. This performance evaluation reflects an overall average to above-average performance, which ultimately complements corporate performance.

Employee engagement is defined as an emotional connection that employees have for their job, organisation, manager, and co-workers that, in turn, influences them to apply additional discretionary effort to their work. This metric identifies the percentage of employees with a favourable attraction and engagement level.

Employment attraction considers work environment, corporate culture, material aspects, development opportunities, knowledge transfer and social contribution. The employee survey will continue to be run on a biannual basis to allow for more time to develop, implement and evaluate the effectiveness of initiatives based on the recent survey. The next survey will be conducted during the 2023/2024 financial year.

Our employee value proposition

Attracting and retaining the right employees with the necessary skills currently and into the future remains a core priority for NamPower, especially given the transformative nature of the electricity supply industry and the skills needed to adapt to rapid change. The investment we make in upskilling our employees and an attractive value proposition (as described in the illustration below) ensures that we attract and retain the right employees.

Consistent high productivity, above average customer satisfaction ratings (78%), high retention rate (93.1%) and a staff turnover rate of 6.9% correlate with NamPower being an employer of choice, an achievement we can be especially proud of.

> Quality human capital is crucial to optimising productivity and associated socio-economic benefits to citizens. Government alone cannot grow the economy, eradicate poverty and inequality, and enhance the quality of life - NDP5.

Creating Value through People

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
• Compensation and benefits • Right attraction and retention • Training and development • Leadership development • Employee support	• Workforce planning • Attraction and retention • Performance management • Reward and recognition • Capacity development • Talent management • Employees health, safety and wellness • Organisational development and design • Change management	• Leadership and workforce capability • Employee support embedded • Improved service delivery • Leadership talent strengthened • High performance culture entrenched	• High retention rate • Engaged employees • Low labour turnover • Low absenteeism rate • High performance • High competency level • Talent pool of future leaders	• Productivity - corporate performance score of 2.16 out of 4 • Loss before net income of N$1.2 billion (after tax) • Internal satisfaction rate of 88% • High retention rate (93.1%) • Low staff turnover (6.9%)

Our employee profile

Permanent employees	991
Average age	41
Average tenure	11.7
Permanent employee turnover	6.9%
Female employees	26%

Our workforce comprises NamPower's 991 permanent employees (2021: 1,048) and 117 employees on a short-term employment contract (2021: 117).

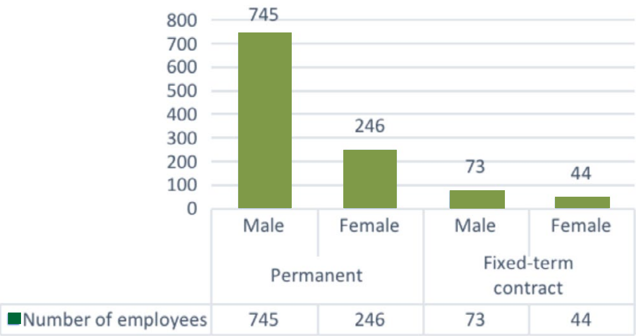
Permanent employees constitute 80.4% of the total workforce, while employees on short-term employment contracts constitute 10.6%.

Gender representation

NamPower remains committed to increasing the representation of women in the organisation by creating equal employment opportunities and targeting females for promotions, bursaries, and scholarships.

Gender representation stands at 26% for females, an increase of 2% from last year's (2021) reporting. Twenty-nine percent (29%) of the Executive Committee and 28% of management are women. NamPower remains committed to increasing the representation of women in the organisation by creating equal employment opportunities and targeting females for promotions, bursaries, and scholarships.

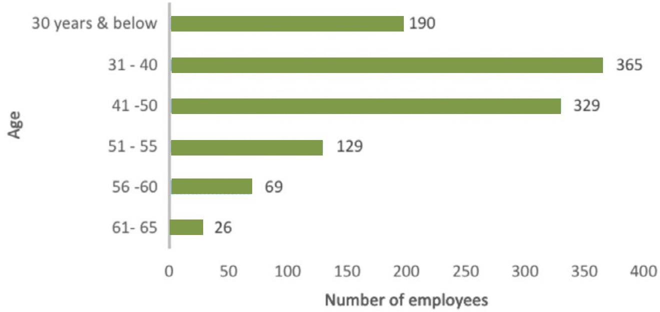
Gender representation



Breakdown by age

The Company's workforce age distribution ranges from 21 to 64 years, with an average age of 41 years. Eighty per cent (80%) (884) employees are either 50 years of age or below, an indication of a mid-age workforce. Only 20% of employees are between the age of 51 and 64 years.

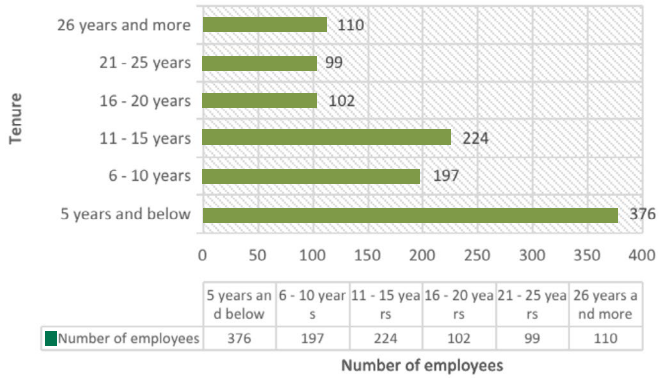
Breakdown by age distribution



Workforce tenure

Workforce tenure distribution ranges from one month to 46 years. Fifty-two (52 %) percent (573) of employees have been working in the Company for ten years or less. NamPower has employed 48% (535) of employees for between 11 and 46 years.

Breakdown by tenure



OUR 2022 PERFORMANCE

The focus during the year was on implementing several strategic initiatives set out in the five-year workforce plan in support of NamPower's 2020 – 2025 ISBP and strategic objectives. In addition, as we continue to navigate recovery from the pandemic, we made concerted efforts to keep employees engaged, boost staff morale, and maintain a safe and healthy environment in which our employees can perform to the best of their ability.

Employees were incentivised to remain committed to their work. A rigorous succession planning and management system was implemented, with potential successors identified for critical positions with development opportunities in different areas, including leadership development.

NamPower has continued to experience a low staff turnover rate over the past five years. This can be attributed primarily to a good retention strategy, our employee value proposition, and external factors such as Covid-19 and the resultant economic shutdown causing uncertainty in the job market, as well as fewer opportunities and hesitancy by employees to venture into new territory.

Year	Turnover %
2017	2.1
2018	1.1
2019	0.6
2020	0.9
2021	1.8

NamPower's overall Company performance index for the year:

72%

an indication of good performance of how NamPower has been executing its business strategies to achieve its organisational goals.

Attraction rate

92.2%

As of 30 June 2022, 92.2% of all positions on the organisational structure were filled, a good indication that NamPower remains an employer of choice and can attract the required talent.

Retention rate

93.1%

is above our set target implying that NamPower retained its staff effectively during the reporting period.

Attrition/staff turnover rate

6.9%

is within the acceptable limit indicating an acceptable labour turnover and the employees' intention to remain with NamPower.

100%

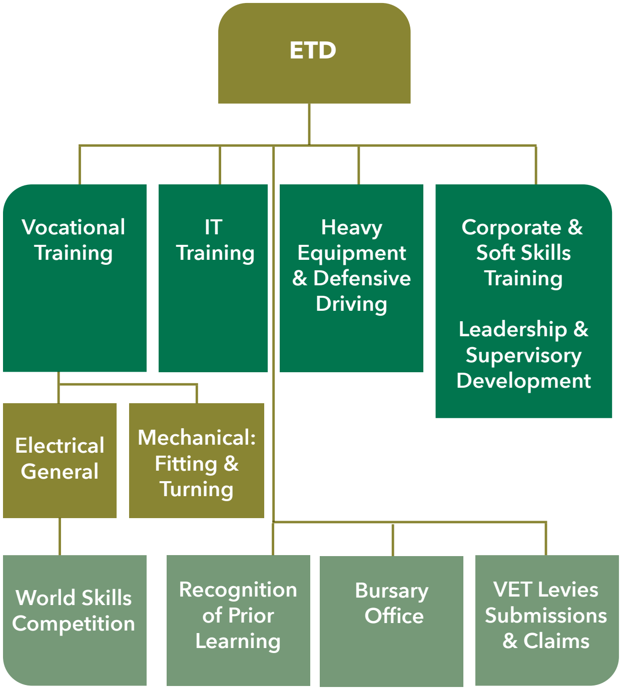
of critical positions have ready-now back-ups against a target of 70%, a good indication of NamPower' s bench strength.

As remote work becomes a more permanent fixture of our lives even beyond the pandemic, it will be important for NamPower to retain critical skills, develop staff to their full capacity, and ensure progressive succession planning in an effort to increase engagement and reduce turnover.

DEVELOPING ADDITIONAL CAPABILITIES TO MEET THE COMPETITIVE MARKET REQUIREMENTS

NamPower is committed to developing a highly skilled and flexible workforce and recognises that capacity building of its human resources is central to continuous improvement and the personal growth of employees.

Developing additional capabilities to meet the competitive market requirements is a critical component of our human capital strategy. The function resorts under the Education, Training and Development (ETD) unit resorting under the Human Capital business unit. The structure and functions of the ETD is illustrated below:



OUR PERFORMANCE FOR 2022

We have invested over N$5.7 million in our people during the year through new learning and development initiatives, divided into the following categories:

Mandatory and on-the-job training

- N$878,055 was spent on mandatory training, which is required for NamPower to comply with the regulators and legislation pertaining to health and safety and heavy equipment operations.
- N$3.6 million on-the-job related operational and technical training attended by 430 employees from various areas. NamPower employs five Technical Instructors responsible for both the NamPower TVET Centre trainees and NamPower employees. The Technical Instructors are qualified at Technician Level (N6), are holders of Trade Certificates/Diplomas in their specific technical fields (such as Electrical General) and hold Certificates as TVET Instructors.

Leadership development training

- N$1.3 million was spent on developing 31 employees in management programmes and leadership roles.

ETD training

- Approximately N$100,000 was spent on corporate ETD plans implemented, especially the Recognition of Prior Learning (RPL). RPL refers to the process whereby employees who have acquired extensive experience in specific job areas but do not have academic or high school qualifications, are assessed in particular areas and certified to be competent. This allows for such employees to be able to apply and compete for promotional positions within NamPower.

  The RPL process was implemented in 2014/2015. ETD employees and most Supervisors have been trained and certified as RPL Assessors as subject matter experts who liaise with ETD. Assessments are conducted by the ETD section and subject matter experts from the technical sections.

Description	Number/percentage	Type of Training
Mandatory and on-the-job training # of Employees trained during the year	430	Harness and Working at Heights
		Electric Fence Installer
		Testing, Inspection and Certification of Three Phase Industrial/ Commercial Electrical Installations
		Specialised 4 x4 Defensive Drivers Training
		Basic Rigging and Slinging
		Anger Management
		Talent Management
		BobCat Machine Training
		40 Ton and 100 Ton Forklift Training
		Empowering Teams
		Recognition of Prior Learning Practices Training
		Job Evaluation Training
		Assessor Training
		Moderator Training
		First Aid Training (Mandatory for all employees)
		Empowering Teams Leadership Training
		Advanced Skills for Office Management
Leadership development training # of Leaders developed during the past financial year	71	40 Leaders were trained on Emotional Intelligence
		20 Managers underwent a Management Development Programme (MDP)
		11 Middle-management level underwent the Senior MDP
ETD training % of Corporate ETD Plans implemented	60%	Conduct Skills Audits for Anixas Power Station
		RPL Assessments Conducted
		Training Needs for Capacities for New Markets
		Leadership Development
		Mandatory Training
		NTA VET Levies – Submission of proof of payments

THE NAMPOWER VOCATIONAL TRAINING CENTRE (NPVTC)

Namibia's Vision 2030 anticipates transforming the Namibian economy into an industrialised and knowledge-based economy. Moreover, it challenges the country to implement an efficient and effective Vocational Education and Training (VET) system that can equip the youth with the skills required by the labour market.

The NPVTC under the Education, Training and Development (ETD) unit has been in existence since 1985. The ETD coordinates and facilitates various in-house training programmes for employees and external artisans. All training programmes are accredited, quality assured and conducted according to the Namibia Training Authority (NTA) and Ministry of Higher Education's regulations and standards. In addition, NPVTC contributes to youth development by offering two vocational training courses in Electrical and Mechanical (Fitting and Turning) maintenance.

Due to limited employment opportunities during the year, the labour market cannot absorb new entrants, primarily due to a lack of innovation in the industry. The economy relies mainly on traditional industries, which are already saturated. As articulated in the NDP5, investing more in education, primarily technical vocational training, can break this cycle.

Technical and vocational education and training (TVET) comprises education, training and skills development relating to a wide range of occupational fields, production, services and livelihoods. TVET, as part of lifelong learning, can take place at secondary, post-secondary and tertiary levels and includes work-based learning, continuing training, and professional development, which may lead to qualifications. TVET also includes various skills development opportunities attuned to national and local contexts. Learning and developing literacy and numeracy, transversal, and citizenship skills are integral components of TVET.

The NPVTC has been assessing employee skills such as basic and specialised tool handling as part of the implementation of Recognition of Prior Learning (RPL) for up-skilling and recognition of employees who do not have a scholastic qualification but have extensive experience. Successful NamPower RPL candidates acquire certificates equated to a Grade 10 scholastic qualification, enabling them to compete for positions that require Grade 10 qualifications and relevant experience.

NPVTC has expanded its curriculum to include NamPower-specific skills and knowledge requirements to ensure that the artisan graduates' skills meet the skills required in the electrical/power industry, including solar and wind energy. Also included in the curriculum is Programming (Programmable Logic Controller – PLC) and building automation. Expanding the curriculum has put NamPower's Vocational Training Curriculum on the same highly acclaimed levels as other international Vocational Training Providers.

To allow trainees to practice and be exposed to a practical and real-world level of training and equipment, building automation and electrical installation panels were erected in one of the workshops at the NPVTC.

International WorldSkills

Namibia joined International WorldSkills in 2011 through the Namibia Training Authority (NTA) and the Ministry of Higher Education. NamPower's involvement began by providing expertise in Electrical Installation at the WorldSkills Competition in 2011 held in the UK. NamPower trainees have since 2015 qualified to compete in the African and International WorldSkills Competitions and have consistently proven their high skills in several fields relating to vocational training.

WorldSkills is the global hub for skills excellence and development. Through international cooperation and development between industry, government, organisations, and institutions. It promotes the benefits of and need for skilled professionals through grass-roots community projects, skill competitions, and knowledge exchange. Since 1950 WorldSkills has raised awareness among youth, their parents, teachers and employers that their future depends on an effective skills training system. Today WorldSkills represents more than 45 skills in over 75 member countries and regions.

This year, Namibia hosted the African showpiece at the coastal town of Swakopmund, where more than 90 competitors from nine African countries showed skills that align with the continents' Agenda 2063 – Africa's blueprint for sustainable and inclusive economic growth and development; a vision predicated on the development of Africa's people as its most important resource, and one which recognises the transformation potential of technical and vocational education and training (TVET) in leveraging Africa's economies.

NamPower's Vocational Training Trainee, Antonio Hilzebecher, was selected by the NTA to represent Namibia at the WorldSkills Africa Swakopmund Competition held in April 2022. Antonio made Namibia and NamPower proud by being awarded gold in the Electrical Installations category and will go on to represent Namibia at the 46th WorldSkills Competition set to take place in Austria in November 2022.

The focus of the NPVTC for 2022 and beyond is mainly on developing new capabilities to address new and changing markets to ensure that NamPower has the relevant skills set necessary to meet market demand and support the NamPower corporate strategy.

NAMPOWER BURSARY SCHEME

NamPower regards education as one of the most important investments. Investing in education will support national objectives and build a knowledge-based economy.

During the year under review, NamPower invested an amount of N$5.1 million (2021: N$4.1 million) for academic bursaries, N$55,960 in employee study grants and N$1.58 million in vocational training bursaries. The vocational training bursary holders undergo training at the NamPower Training Centre. A total of 32 bursaries consisting of 17 academic bursaries and 15 vocational bursaries, were awarded during the year.

The 17 students received bursaries to study in the fields of:

- Electrical Engineering
- Mechanical Engineering
- Risk Management
- Quantity Surveying
- Cyber Security
- Computer Science
- Industrial Engineering

Of the 17 bursaries awarded, two were awarded to people with disabilities (one female and one male), to pursue studies in Accounting and Law.

The 15 vocational training bursaries were awarded to 10 trainees for obtaining a National Certificate in Electrical General (Artisan), and five were awarded to trainees for obtaining a National Certificate in Fitting and Turning (Artisan) at NamPower's Vocational Training Centre in Windhoek.

In addition, an amount of approximately N$15.5 million was set aside for the Artisan Development Programme (on the job training) for school leavers as part of work-integrated learning for the NamPower TVET.

Over the years, the NamPower bursary scheme has invested millions in bursaries for students. The scheme has supported students in the past who have now taken up prominent professional and leadership positions within NamPower and in other sectors of the Namibian economy.

IDENTIFYING SKILLS REQUIRED FOR THE CHANGING MARKET

The changing market is characterised by utilities and IPPs becoming more focused on renewable energy, especially solar energy and decarbonisation and a move towards cleaner and carbon-free energy generation. NamPower's ETD's TVET presently liaises closely with the Generation Projects section and the Namibia Green Hydrogen Research Institute concerning the skills and training equipment required for green hydrogen generation. With the emergence of IPPs in the market, there is an urgent need for NamPower's technical business unit to upskill in the area of customer services.

The ETD section is conducting skills audits, bench-marking exercises, and interviews with various sections within NamPower to identify skills required for changes in the electricity supply industry market. The process is expected to be concluded in the 2022/2023 financial year.

The skills audits/interviews have highlighted a significant change in the market, which is the digitalisation of most processes in the energy sector. The skills audits and benchmarking have also revealed the need for specified power-processes-cyber-security measures to be implemented in NamPower.

NamPower's TVET plays a crucial role in the transition to cleaner energy, as the skills needed to provide sustainable energy will be acquired through ETD and its partnerships.

As indicated, NamPower's TVET is already liaising with skills development and training stakeholders in green hydrogen for soliciting and accessing training equipment to demonstrate the process of decarbonisation and producing green hydrogen. In addition, NamPower's TVET has initiated new programmes to automate equipment and programmable logic controllers (PLC). Electrical General Instructors have been trained to address some of these changing processes and markets.

The responsiveness of training organisations and practitioners and the commitment of professionals to engage in TVET will, to a large extent, influence the speed of this transition.

LOOKING AHEAD TO 2023 AND BEYOND

Pending the conclusion of the skills audits and benchmarking exercise, ETD addresses some skills development areas and/or identifies equipment required, such as decarbonising equipment for green hydrogen energy. ETD will focus on re-skilling and upskilling employees to address these new ways of operating and re-skilling and upskilling employees on photovoltaic technology and other renewable energy sources. ETD is currently negotiating with the Namibian Green Hydrogen Research Institute for training partnerships on several training programs in green hydrogen and decarbonisation processes.

The focus of leadership development will be on executive leadership development and emotional intelligence for succession planning purposes. In addition, ETD will continue to focus on skills addressing new markets and skills identified during the skills audit by ETD.

ACHIEVE AND RETAIN TOP EMPLOYER STATUS

Recruit and retain top talent to prepare a leadership pipeline and rank NamPower as a top employer in Namibia.

NamPower invests in its current and future workforce through training and development and succession planning, forming a pipeline for internal advancement. In addition to challenging careers and competitive salaries, NamPower offers competitive benefit programmes to attract and retain talent and support employees' health and well-being.

N$5.7 MILLION

Spent on skills and leadership development programmes.

OUR PERFORMANCE FOR 2022

- NamPower launched its Employee Recognition Programme in the 2021/2022 financial year. Since the introduction of the programme, more than 30 employees have been nominated for 'Employee of the Quarter' awards, and 12 have received awards in various other categories.
- The employee recognition programme helps the Company align employees to business objectives by reinforcing behaviours and tying them to corporate results. It also helps solidify employees' emotional connections with the Company and its values, improving their engagement.
- The NamPower succession management process facilitates the building of critical capabilities at all levels, though more so at the highest level (the executive level). Succession management focuses on identifying critical roles and abilities required to support the Company strategy. Of a total of 49 crucial positions, 35 positions have ready-now successors. There are 126 confirmed successors, which make up 76% of the positions, with one or more ready-now back-ups.

LOOKING AHEAD TO 2023 AND BEYOND

- The Employee Recognition Programme will be assessed and evaluated for further improvement.

PROVIDING A SAFE AND HEALTHY ENVIRONMENT FOR OUR WORKFORCE

As a responsible corporate citizen, NamPower is committed to ensuring the safety, health and well-being of all its employees, contractors and visitors and protecting the community and the natural environment in which it operates.

The NamPower Board of Directors and Management recognise:

- The right of all employees to operate in a safe work environment in which safety, health, environmental and wellness risks, and impacts are identified and minimised or eliminated.
- The joint responsibility of owning health and safety in the workplace and work-related tasks or activities.
- The importance of educating the communities within which NamPower operates concerning appropriate health and safety measures when dealing with electricity.

Several strategic initiatives have been implemented during the year, as described below.

Safety, Health, Environmental and Wellness Policy and Programmes

Our Safety, Health, Environment and Wellness Policy guides our efforts to provide a safe and healthy environment for our workforce, focusing on the following principles:

- NamPower shall be proactive in its approach to health, safety, environment and wellness to prevent injuries, damages to the environment, loss of life, or network/production downtime. NamPower's safety, health, environmental and wellness policies and procedures will be based on the following:
- Compliance with relevant Namibian legislation
- South African Power Pool (SAPP) guidelines
- International standards and guidelines, where relevant

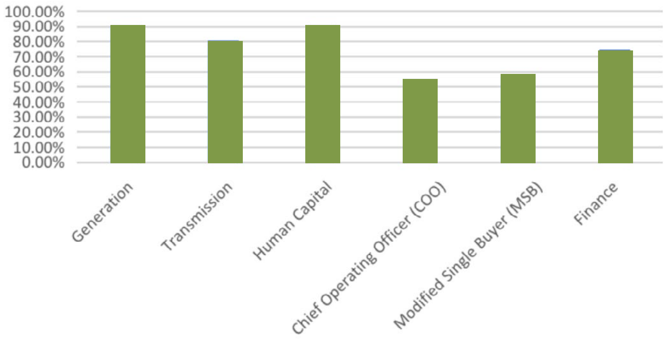
The Company has set itself the following objectives for its SHEW programme:

- All NamPower employees, contractors, service providers and visitors on site shall adhere to NamPower's Safety and Health Policies, Standards and Procedures
- Implementing safety, health and environmental policies, procedures, and programmes will minimise risks and losses
- Compulsory induction will be given to all new employees, contractors, service providers and visitors prior to commencement of work on site.
- Safety and Health training will be made available to all management and employees and the identification of employee appropriate training shall be included in each individual's personal development plan (PDP)
- First Aid training, environmental awareness, basic safety and health, and basic firefighting training courses are compulsory for all employees
- Compliance with NamPower's SHEW policies and procedures will be strictly enforced

Our safety performance

Our operations are subject to regulatory and licence conditions surrounding occupational health, safety and environmental compliance. We have an effective safety strategy and use the lost-time injury rate (LTIR) to assess our safety performance and the number of fatalities among employees and contractors and monitor our percentage of legal compliance. LTIR is a proportional representation of lost time injuries per 200,000 working hours over 12 months. The LTIR for the year across all business units was 0.71.

SHEW audit compliance results per business unit



FATALITIES: 0 NAMPOWER AND 1 CONTRACTOR (AS AT 30 JUNE 2022) TARGET: **ZERO**
3 NAMPOWER MAJOR VEHICLE INCIDENT(S) ON DUTY TARGET: **ZERO**
LTIFR 0.71 (2021: 0.05) TARGET: **LESS THAN 0.44**
LOST-TIME INJURIES: 8 NAMPOWER AND 2 CONTRACTOR'S TARGET: **ZERO**

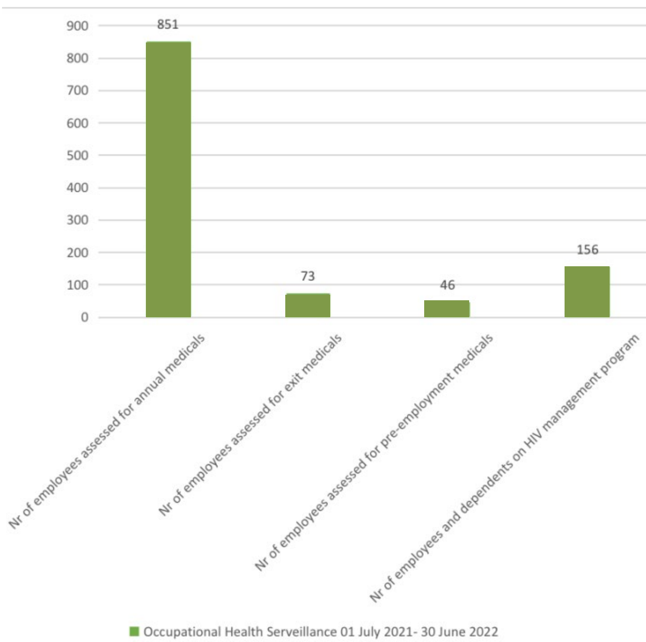
In addition to ensuring compliance with statutory requirements, we continue to pursue safety initiatives and manage our activities to reduce the number of injuries. This includes training and awareness interventions, proactive risk assessments, and active management of areas requiring improvement.

There has been a visible increase in infrastructure built by communities located under powerlines in all regions. Such behaviour is against the interest of public safety and will be addressed by NamPower through the development and rollout of an ongoing public awareness programme.

EMPLOYEE HEALTH AND WELLNESS

NamPower recognises that employees are the most valuable asset of a thriving organisation and is committed to upholding the value of employee health and wellbeing by implementing proactive, preventative and curative programmes to create a safe and conducive work environment. This includes the ongoing occupational health surveillance programme, awareness and education on various health and wellness issues, and providing counselling and support to employees through the Employee Assistance Programme.

Occupational health surveillance data for the year is shown in the graph below.



COVID-19 statistics as at 30 June 2022	
Confirmed cases	310
Cases as percentage of workforce	27%
Fatalities	11
Recovery rate	96.5%

Covid-19 remained a significant health risk during the reporting period. Our response, in line with our health and wellness strategy, prioritised the prevention and reduction of Covid-19 through several initiatives implemented during the year to protect our employees' health. The Company had 310 confirmed cases and a recovery rate of 96.5% as of 30 June 2022.

We remain committed to preventing further loss of life and implementing Covid-19 preventive measures in accordance with Government regulations and recommendations.

OUR 2022 PERFORMANCE

We achieved several positive health and wellness outcomes during the year. Among others, we successfully managed the impact of Covid-19 on our business, mitigated occupational and non-occupational diseases, revised and updated several policies relating to SHEW activities, upskilled our emergency care practitioners and rolled out an employee assistance programme. We also obtained 13 operational Environmental Clearance Certificates during the year. A more detailed description of our activities includes:

- Training manual developed for incident and accident investigations
- Revised outdated SHEW policies and procedures to ensure relevance to current NamPower operations and best practices
- Seven Emergency Care Practitioners (ECPs) trained and registered with the Health Professions Council of Namibia (HPCNA) and are certified to operate the NamPower Ambulance
- Three onsite Covid-19 vaccination campaigns were held at the head office, and one at the Ruacana Power Station. A total of 380 employees participated in a vaccination incentive rolled over three-months
- Four SHE Officers were trained in fall-arrest planning and working-at-heights, and once registered with the Ministry of Labour, they will provide in-house training to employees as and when required
- Wellness Champions were appointed to assist the Senior Wellness Officer at respective NamPower sites
- A Wellness Policy was drafted and circulated for input by internal stakeholders
- The number of employees registered on the NamPower HIV programme was 140 in July 2021 and increased to 156 by the end of June 2022
- Psychosocial support cases attended to via in-house counselling amounted to 414, mostly Covid-19 counselling, mental health-related issues, trauma, health, and organisational issues
- A Mental Health Awareness campaign launched to create awareness, address stigma and aid employees and their families in this regard

- The Employee Assistance programme was expanded to inform employees about the support services available internally and externally
- SHEW awareness initiatives on topics of concern or lessons learned from incidents/changes in NamPower's operations/best practice is ongoing
- 13 Operational Environmental Clearance Certificates (ECCs) were obtained out of 20 applications submitted to the Ministry of Environment, Forestry and Tourism (MEFT), including for Ruacana Power Station and Van Eck Power Station

LOOKING AHEAD TO 2023 AND BEYOND

We will during the coming year and beyond:

- Continue to encourage safety performance, record zero fatalities, and reduce our LTIFR
- Provide a safe and healthier work environment to ensure the well-being of stakeholders, protect the environment and reduce pollution
- Conduct an external SHEW audit to assess the implementation of NamPower's compliance with ISO 45001 and 14001 as stipulated in the SHEW policy
- Make budgetary provisions for a SHEW data management system to capture, store and assess/ analyse SHEW data and other related indicators, such as incident reporting, audit management, document control and regulatory compliance
- Cascade SHEW duties to supervisors and line managers in compliance with the delegation of duties and regulations of the Labour Act 1992 (Act No. 6 of 1992). Furthermore, provide legal liability training to these representatives of NamPower, to ensure that they are fully aware of the legal liability involved if neglecting to fulfil their duties
- Develop and assess the implementation of Environmental Aspects and Impacts Registers. To demonstrate conformance to the environmental management system in line with ISO 14001:2015, NamPower is committed to identifying, evaluating and mitigating environmental aspects and impacts associated with its operations
- Develop and implement Operational Environmental Management Plans (EMPs). Energy generation, transmission and distribution is a listed activity, and as such, requires that Environmental Clearance Certificates (ECC) be issued, as stipulated in the Environmental Management Act (Act No. 7 of 2007) and its regulations. However, older infrastructure, (power lines and transmission stations constructed before the establishment of the Act) do not have ECCs. NamPower will thus develop EMPs for such infrastructures, apply for the ECCs with the relevant authorities, and monitor the performance thereof
- Continue to roll out SHEW awareness initiatives, including an internal electricity safety campaign and the recognition of World Safety Day
- Institutionalise an approved Wellness policy with targeted strategic initiatives and budgetary allocation for proactive implementation
- Build on reinforcing an ethical culture within the organisation, following the review of the Code of Conduct and Ethics policy approved in June 2021 and presented to the staff in early 2022

ADOPTING INTERNATIONAL BEST PRACTICE AND HIGH STANDARDS OF SERVICE DELIVERY AND OPERATIONAL EXCELLENCE

International Organisation for Standardisation (ISO)

NamPower embraces high levels of service delivery and operational excellence. In enforcing this, it has adopted ISO 9001 certification, the foremost globally recognised system for quality management standards. It provides the foundation that aids effective business processes and human resources to consistently deliver the best possible services. By being certified, existing and potential customers are assured that the Anixas Power Station team (and NamPower in general) continues to provide uncompromised quality service delivery and operational excellence. The requirements of the quality standards include leadership commitment, customer care, supplier relationship that enhance value, continuous improvement, quality management throughout the value chain, planning, and teamwork.

To obtain ISO 9001 certification, an organisation needs to build and implement a Quality Management System in accordance with the requirements of the International Standard and have an audit performed by a Certification Body registered by the International Standard Organisation (ISO) to assess its operations and performance against the requirements of the ISO 9001 standard. This requires dedication, hard work and commitment and will help NamPower improve its operations and customer service. A phased approach is being adopted by NamPower in respect of ISO certification, in line with the ISBP (2020 – 2025). The current focus is on Generation: Anixas and Ruacana Power Stations. With ISO certification, NamPower can benchmark its operations, maintain overall performance to international standards and consistently strive for continuous improvement.

The Certification of Anixas Power Station

The ISO 9001 certification audit was conducted by a certification body at Anixas Power Station in September 2021. It was found to be fully compliant and achieved certification in January 2022. This means that Anixas Power Station operates according to (ISO 9001) International Quality Standards.

The Anixas Power Station is the first to be awarded ISO 9001: 2015, Quality Management System (QMS) certification under Bureau Veritas Namibia after fulfilling all certification requirements. Bureau Veritas Pty (Ltd) is an international certification body with a branch in Namibia. Accreditation will provide credibility to the power station's operations, showing that it complies with international standard requirements. In addition, factors such as voltage frequencies, voltage dips, harmonics and load factors are continuously monitored by the system to further improve operational efficiency and the ability of the Anixas Power Station to generate safe, reliable and quality electricity supply. With ISO certification, the power station will be able to benchmark its operations, maintenance and overall performance against international standards and strive for continuous improvement.

LOOKING AHEAD TO 2022 AND BEYOND

The certification body will conduct an annual external surveillance audit of which the first is scheduled for September 2022 to ensure that ISO 9001 (Quality Standards) requirements are maintained and continually improved upon. The second surveillance Audit will be conducted in 2023. This will ensure that the Anixas Power Station can be re-certified after three years. Ruacana Power Station is next in line to be ISO 9001 certified, and the team is currently ensuring that all the requirements are implemented. The drafting of the required documentation and implementation of best practices is currently in progress.

ANNUAL FINANCIAL STATEMENTS 2022

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements ("Financial Statements") of Namibia Power Corporation (Proprietary) Limited, comprising the statements of financial position at 30 June 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act of Namibia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors of the Group and Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing the integrated annual report and other financial information to shareholders.

The directors have considered the impact of the COVID-19 pandemic and the prevailing weak economic condition on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Group and Company maintained its credit rating for the period under review. The Company breached the Debt Service Cover ratio and has received a waiver from the lenders. The directors have satisfied themselves that the Group and Company have adequate financial resources to continue in operational existence for the foreseeable future. The directors, therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of Consolidated and Separate Annual Financial Statements

The consolidated and separate financial statements of Namibia Power Corporation (Proprietary) Limited, as identified in the first paragraph, were approved by the board of directors on 12 December 2022 and signed by:

D MOTINGA
Chairperson

KS HAULOFU
Managing Director

S HORNUNG
Audit and Risk Management Committee (Board Committee)

VALUE ADDED STATEMENT

for the year ended 30 June 2022

	CONSOLIDATED AND COMPANY			
		2022		2021
	N$'000	%	N$'000	%
VALUE ADDED				
Turnover	**6,506,042**		6,549,907	
Less: Cost of primary energy, materials and services	**5,513,998**		4,904,424	
Value added by operations	**992,044**	**60.89**	1,645,483	69.88
Interest and sundry income	**637,158**	**39.11**	709,409	30.12
	1,629,202	**100.00**	2,354,892	100.00
VALUE DISTRIBUTED				
To remunerate employees	**992,546**	**60.92**	996,642	42.32
To providers of debt	**48,305**	**2.96**	83,117	3.53
Taxation	**-**	**-**	229,403	9.74
	1,040,851	**63.88**	1,309,162	55.59
VALUE RETAINED				
To maintain and develop operations	**588,351**	**36.12**	1,045,730	44.41
	1,629,202	**100.00**	2,354,892	100.00

INDEPENDENT AUDITOR'S REPORT

To the Member of Namibia Power Corporation (Proprietary) Limited

Our qualified opinion

In our opinion, except for the effects and possible effects of the matters described in the Basis for qualified opinion section of our report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Power Corporation (Proprietary) Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Power Corporation (Proprietary) Limited's consolidated and separate financial statements set out on pages 138 to 280 comprise:

- the directors' report for the year ended 30 June 2022;
- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

Namibia Power Corporation (Proprietary) Limited's investments in its equity-accounted associates, Nored Electricity (Proprietary) Limited and Central-North Electricity Distribution Company (Proprietary) Limited are carried at a total value of N$824,089,000 in the consolidated statement of financial position as at 30 June 2022. Namibia Power Corporation (Proprietary) Limited's share of profits of associates of N$11,346,000 and its share of other comprehensive income of associates of N$204,773,000 are included in the consolidated statement of comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Namibia Power Corporation (Proprietary) Limited's investment in Nored Electricity (Proprietary) Limited as at 30 June 2022 and Namibia Power Corporation (Proprietary) Limited's share of this associates' profit and other comprehensive income for the year then ended in the consolidated financial statements of the Group because audited financial statements of Nored Electricity (Proprietary) Limited were not available at that date. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Furthermore, the share of other comprehensive income of associates for the current year includes an amount of N$204,773,000 that relates to cumulative revaluation gains on the property, plant and equipment of Nored Electricity (Proprietary) Limited that arose during the 2018 to 2020 financial years. These revaluations were processed in the current year financial statements of the Group based on the completion of the financial statements for Nored Electricity (Proprietary) Limited for the 2018 to 2020 financial years. These revaluations should have been retrospectively corrected and disclosed as a prior period error in the current year financial statements in accordance with International Accounting Standard ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Based on our risk assessment in the current year, we expect that similar revaluations should have been processed in the 2021 and 2022 financial statements. However, we are unable to determine the quantum of such adjustments needed in the absence of completed financial statements for these years, resulting in a further possible misstatement. This matter results in misstatements with respect to the amounts included in the current year share of other comprehensive income of associates, the investment in the associate, the movement in the capital revaluation reserve, as well as omitted disclosures with respect to the prior period errors. It was not practicable to quantify the exact impact of all the misstatements noted on the consolidated financial statements.

Furthermore, Namibia Power Corporation (Proprietary) Limited carries its core property, plant and equipment in accordance with the revaluation model in IAS 16 'Property, plant and equipment', whereas Central-North Electricity Distribution Company (Proprietary) Limited carries its core property, plant and equipment in accordance with the cost model under the same standard, resulting in inconsistent accounting policies being applied by Namibia Power Corporation (Proprietary) Limited and Central-North Electricity Distribution Company. Since Namibia Power Corporation (Proprietary) Limited does not make any adjustments when applying the equity method to account for Central-North Electricity Distribution Company (Proprietary) Limited upon preparing its consolidated financial statements, the Group does not conform to the requirements of IAS 28 'Investments in associates and joint ventures', which may result in the financial statements being materially misstated. It was not practicable to quantify the impacts of this misstatement on the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standard) (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "NamPower Annual Financial Statements 2022", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "NamPower Integrated Annual Report 2022", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Date: 16 December 2022

344 Independence Avenue
Windhoek
P O Box 1571
Windhoek
Namibia

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 30 June 2022.

1. Principal Activities

The Company is responsible for generation, transmission, energy trading and to a lesser extent the distribution of electricity in Namibia.

The activities of the subsidiaries and associates comprise:

- The provision of technical, management and other related services;
- The sale and distribution of electricity; and
- Property investment

2. Operating Results

The operating results of the Group and Company for the year under review are set out in the Statement of Profit or Loss and Other Comprehensive Income.

Units into the system and sold:	**CONSOLIDATED**	**COMPANY**
	2022	**2021**
	GWh	**GWh**
Ruacana Hydro Power Station	781	968
Van Eck Power Station	18	40
Anixas Power Station	2	1
Omburu PV Power Station	15	-
Eskom	1,253	1,473
ZESCO	1,018	816
ZPC	390	401
SAPP Market	256	135
REFITs	364	360
Total units into system	**4,097**	**4,194**
To customers in Namibia	3,405	3,386
Exports	169	382
Orange River^	127	132
To Skorpion Zinc Mine^	-	3
Total units sold	**3,701**	**3,903**

^ Orange River and Skorpion Zinc Mine are customers situated in the Republic of Namibia but are supplied directly by Eskom via a back to back agreement whereby Eskom bills NamPower for the units consumed by Orange River and Skorpion Zinc Mine, then NamPower bills the customers for those units sold by Eskom. Refer to note 25 for the judgements around the recognition of this revenue.

Transmission losses	**12.8%**	**10.1%**

Growth

During the year under review there was a increase of 0.5% in GWh units sold to customers in Namibia (2021: increase of 0.7%). The power imported by the Company during the year under review increased by 3.0% (2021: increase of 1.7%).

DIRECTORS' REPORT
(continued)

3. Subsidiaries and Associates

Relevant information is disclosed in note 7 to the financial statements.

4. Auditors

PricewaterhouseCoopers Namibia (PwC) was appointed as auditors with effect from 29 June 2020 for a contract term of three (3) years.

5. Capital Expenditure

The expenditure on property, plant and equipment during the financial year amounted to N$1.2 billion (2021: N$660.3 million). The expenditure on intangible assets during the financial year amounted to N$2.9 million (2021: N$18.7 million).

This expenditure is mainly attributable to:

5.1. Electrification:

EIB MV Line Panduleni and Taadhiya PS
NP: Otjiyere, Ondjombo Okamaruru Maheke
Vaalgras Zone A, B, D & D Karas Region
Electrification of Kaukurus Omaheke Region
NP Rural Elect MV/LV at Swartdam Hardap
NP: Dooran Daberas localities electrification

5.2. Substation Development:

TXMP: Masivi-Siyambi Project
Externally funded: Sekelduin Substation 20MVA
TXMP: Brakwater Substation
Externally funded: Lithops Substation20MVA
TXMP: Omatando Substation
Kuiseb Substation: Construct Wall and Roof

5.3. Refurbishment and Upgrading:

Van Eck Power Station: Rehabilitation
Ruacana Power Station - Air Conditioning Units
Van Eck Power Station - Ablution block
Anixas Power Station: Walvis Bay

5.4. Transmission System Development:

- TXMP: Auas - Gerus Feeder Bay and Reactor
- TXMP: 132/66kV Ohama Substation, Ex
- Boab
- TXMP: Auas-Gerus 400kV Line
- Von Bach Booster 2 WAN
- Transmission Connection Hardap Solar PV
- TXMP: Khurub-Aussenkehr Strength Phase 4
- TXMP: Kunene 330kV Transmission Station
- Substation: Bay Processor & RTU Upgrade

5.5. Power Station Development:

Lüderitz Wind Power Plant
FIRM Power Project
Otjikoto Biomass Power Station

5.6. Intangible Assets:

SAP HANA
SAP AMI Implementation & Prepaid
Access Control System
SAP Process Orchestration

6. Shareholder

The Government of the Republic of Namibia is the sole shareholder of the Company.

7. Share Capital

7.1. Authorised

365 000 000 ordinary shares at N$1

7.2. Issued share capital

165 000 000 (2021: 165 000 000) ordinary shares at N$1

8. Subsequent Events

On 12 December 2022, the directors declared a dividend amounting to Nil (2021: Nil) in respect of the year under review.

In July 2022, the Company received a waiver for the breach of Debt Service Coverage ratio from the lenders i.e KfW, AfD and EIB.

9. Secretary

Ms E. Tuneeko held office as Company Secretary for the year under review. The business and postal addresses are shown on page 282.

10. Going Concern

The directors have made an assessment of the ability of the Group and Company to continue as a going concern in the foreseeable future.

The directors have considered the impact of the COVID-19 pandemic and the prevailing weak economic condition on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Group and Company maintained its credit rating for the period under review. The Company breached the Debt Service Cover ratio and has received a waiver from the lenders. The directors have satisfied themselves that the Group and Company have adequate financial resources to continue in operational existence for the foreseeable future. The directors, therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

11. Registered Address

Namibia Power Corporation (Proprietary) Limited
(Reg no 2051)
NamPower Centre 15 Luther Street
PO Box 2864
WINDHOEK
Namibia

12. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the directors on 12 December 2022.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

		CONSOLIDATED			COMPANY		
	NOTE	2022	2021	1 July 2020	2022	2021	1 July 2020
		N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
			* Restated	* Restated		* Restated	* Restated
Assets							
Total non-current assets		**40,907,962**	34,209,966	24,231,350	**40,305,152**	33,823,275	23,872,067
Property, plant and equipment	**6**	**37,651,243**	31,949,871	21,823,073	**37,651,243**	31,949,871	21,823,073
Investment properties	**8**	**18,473**	17,048	19,105	**18,473**	17,048	19,105
Intangible assets	**9**	**20,138**	29,356	19,558	**20,138**	29,356	19,559
Investment in associates	**7.2**	**824,089**	607,970	580,563	**221,279**	221,279	221,279
Investments	**11**	**2,373,659**	1,587,554	1,773,153	**2,373,659**	1,587,554	1,773,153
Loans receivable	**10**	**20,360**	18,167	15,898	**20,360**	18,167	15,898
Total current assets		**8,851,703**	10,958,701	10,458,991	**8,851,703**	10,958,701	10,458,991
Inventories	**12**	**86,063**	114,246	83,464	**86,063**	114,246	83,464
Trade and other receivables	**13**	**1,581,906**	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980
Tax receivable		**33,780**	33,780	-	**33,780**	33,780	-
Investments	**11**	**5,340,527**	7,370,908	7,482,539	**5,340,527**	7,370,908	7,482,539
Derivative assets	**21.1**	**51,139**	571,306	60,953	**51,139**	571,306	60,953
Cash and cash equivalents	**14**	**1,758,288**	1,779,162	1,375,735	**1,758,288**	1,779,162	1,375,735
Loans receivable	**10**	**-**	-	1,320	**-**	-	1,320
Total assets		**49,759,665**	45,168,667	34,690,341	**49,156,855**	44,781,976	34,331,058
Equity							
Total equity attributable to equity holders		**34,189,243**	31,172,762	22,876,518	**33,590,092**	30,789,730	22,520,893
Issued share capital	**16.2**	**165,000**	165,000	165,000	**165,000**	165,000	165,000
Share premium	**16.3**	**900,000**	900,000	900,000	**900,000**	900,000	900,000
Reserve fund	**16.4**	**1,816,305**	1,865,798	1,818,221	**1,816,305**	1,865,798	1,818,221
Development fund	**16.5**	**6,835,568**	7,978,090	6,827,742	**6,665,576**	7,819,444	6,696,503
Capital revaluation reserve	**16.6**	**24,273,809**	20,138,921	13,018,902	**23,844,650**	19,914,535	12,794,516
Strategic inventory revaluation reserve	**16.7**	**153,157**	102,847	126,045	**153,157**	102,847	126,045
Investment valuation reserve	**16.8**	**45,404**	22,106	20,608	**45,404**	22,106	20,608
Total equity		**34,189,243**	31,172,762	22,876,518	**33,590,092**	30,789,730	22,520,893
Liabilities							
Total non-current liabilities		**12,668,695**	11,849,222	8,498,504	**12,665,028**	11,845,555	8,494,838
Interest bearing loans and borrowings	**17**	**6,792**	516,164	737,781	**6,792**	516,164	737,781
Deferred revenue liabilities	**18**	**1,098,564**	1,108,904	1,128,150	**1,098,564**	1,108,904	1,128,150
Employee benefit provisions	**22**	**277,441**	293,960	253,783	**277,441**	293,960	253,783
Retention creditors	**20.4**	**80,772**	17,610	12,397	**80,772**	17,610	12,397
Deferred tax liabilities	**19**	**11,205,126**	9,912,584	6,366,393	**11,201,459**	9,908,917	6,362,727
Total current liabilities		**2,901,727**	2,146,683	3,315,319	**2,901,735**	2,146,691	3,315,327
Trade and other payables	**20**	**1,256,404**	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481
Derivative liabilities	**21.2**	**442,883**	-	794,312	**442,883**	-	794,312
Current tax payable		**-**	-	24,078	**-**	-	24,078
Interest bearing loans and borrowings	**17**	**523,721**	244,610	690,813	**523,721**	244,610	690,813
Deferred revenue liabilities	**18**	**678,719**	736,162	706,643	**678,719**	736,162	706,643
Total liabilities		**15,570,422**	13,995,905	11,813,823	**15,566,763**	13,992,246	11,810,165
Total equity and liabilities		**49,759,665**	45,168,667	34,690,341	**49,156,855**	44,781,976	34,331,058

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2022

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Revenue	**25**	**6,506,042**	6,549,907	**6,506,042**	6,549,907
Other income	**25**	**85,385**	108,780	**85,385**	108,780
Cost of Electricity	**26 (a)**	**(5,075,449)**	(4,457,840)	**(5,075,449)**	(4,457,840)
Employee costs	**26 (e)**	**(992,546)**	(996,642)	**(992,546)**	(996,642)
Depreciation and amortisation	**26 (c)**	**(1,390,026)**	(885,681)	**(1,390,026)**	(885,681)
Impairment: Loss on property, plant and equipment revaluation	**26 (b)**	**-**	(111,334)	**-**	(111,334)
Other expenses	**26 (f)**	**(620,711)**	(413,933)	**(620,711)**	(413,933)
Net impairment (loss)/gain on financial assets	**26 (d)**	**(32,834)**	124,180	**(32,834)**	124,180
Net fair value and foreign exchange (loss)/gain on financial instruments	**26 (g)**	**(797,254)**	1,181,279	**(797,254)**	1,181,279
(Loss)/profit before net finance income		**(2,317,393)**	1,098,716	**(2,317,393)**	1,098,716
Finance income – net		**503,468**	517,512	**503,468**	517,512
Finance income	**24**	**551,773**	600,629	**551,773**	600,629
Finance costs	**24**	**(48,305)**	(83,117)	**(48,305)**	(83,117)
Share of profit of associates, net of taxation	**7.2**	**11,346**	27,846	**-**	-
(Loss)/profit before taxation	**26**	**(1,802,579)**	1,644,074	**(1,813,925)**	1,616,228
Taxation	**15**	**590,188**	(437,513)	**590,188**	(437,513)
(Loss)/profit for the year		**(1,212,391)**	1,206,561	**(1,223,737)**	1,178,715
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	**15**	**5,779,581**	10,472,873	**5,779,581**	10,472,873
Revaluation of strategic inventory	**15**	**73,985**	(34,114)	**73,985**	(34,114)
Net change in fair value of listed equity instruments	**15**	**(215)**	61	**(215)**	61
Net change in fair value of debt instruments	**15**	**10,607**	5,584	**10,607**	5,584
Net change in fair value of unlisted equity	**15**	**12,906**	(4,147)	**12,906**	(4,147)
Remeasurements of employee benefit provisions	**22.3**	**29,965**	(12,055)	**29,965**	(12,055)
Share of other comprehensive income of associates, net of taxation	**15**	**204,773**	(439)	**-**	-
Related tax	**15**	**(1,882,730)**	(3,338,080)	**(1,882,730)**	(3,338,080)
		4,228,873	7,089,683	**4,024,099**	7,090,122
Other comprehensive income for the year, net of taxation	**15**	**4,228,873**	7,089,683	**4,024,099**	7,090,122
Total comprehensive income for the year		**3,016,482**	8,296,244	**2,800,362**	8,268,837

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022

CONSOLIDATED	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2021	**16**	**165,000**	**900,000**	**1,865,798**
Total comprehensive income for the year				
Loss for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Share of other comprehensive income of associates, net of taxation	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**(49,493)**
Transfer to reserve fund	16.4	-	-	(49,493)
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
7,978,090	20,138,921	102,847	22,106	-	31,172,762
-	-	-	-	(1,212,391)	(1,212,391)
-	3,930,115	-	-	-	3,930,115
-	-	50,310	-	-	50,310
-	-	-	23,298	-	23,298
-	204,773	-	-	-	204,773
-	-	-	-	20,376	20,376
-	4,134,888	50,310	23,298	20,376	4,228,873
-	4,134,888	50,310	23,298	(1,192,015)	3,016,482
(1,142,522)	-	-	-	1,192,015	-
-	-	-	-	49,493	-
(1,142,522)	-	-	-	1,142,522	-
6,835,568	24,273,809	153,157	45,404	-	34,189,243

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

CONSOLIDATED	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	**16**	**165,000**	**900,000**	**1,818,221**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	**15**	-	-	-
Revaluation of strategic inventory	**15**	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-
Share of other comprehensive income of associates, net of taxation	**15**	-	-	-
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**
Allocation from retained income		**-**	**-**	**47,577**
Transfer to reserve fund	**16.4**	-	-	47,577
Funds for capital expenditure requirements	**16.5**	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
6,827,742	**13,018,902**	**126,045**	**20,608**	**-**	**22,876,518**
-	-	-	-	1,206,561	1,206,561
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-	-	-	-	(439)	(439)
-	-	-	-	(8,197)	(8,197)
-	**7,120,019**	**(23,198)**	**1,498**	**(8,636)**	**7,089,683**
-	**7,120,019**	**(23,198)**	**1,498**	**1,197,925**	**8,296,244**
1,150,348	**-**	**-**	**-**	**(1,197,925)**	**-**
-	-	-	-	(47,577)	-
1,150,348	-	-	-	(1,150,348)	-
7,978,090	**20,138,921**	**102,847**	**22,106**	**-**	**31,172,762**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

COMPANY	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2021	**16**	**165,000**	**900,000**	**1,865,798**
Total comprehensive income for the year				
Loss for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**(49,493)**
Transfer to reserve fund	16.4	-	-	(49,493)
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**

Development Fund	Capital Revaluation Reserve	Strategic Inventory Revaluation	Investment Valuation Reserve	Retained Earnings	Total Equity
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
7,819,444	19,914,535	102,847	22,106	-	30,789,730
-	-	-	-	(1,223,737)	(1,223,737)
-	3,930,115	-	-	-	3,930,115
-	-	50,310	-	-	50,310
-	-	-	23,298	-	23,298
-	-	-	-	20,376	20,376
-	3,930,115	50,310	23,298	20,376	4,024,099
-	3,930,115	50,310	23,298	(1,203,361)	2,800,362
(1,153,868)	-	-	-	1,203,361	-
-	-	-	-	49,493	-
(1,153,868)	-	-	-	1,153,868	-
6,665,576	23,844,650	153,157	45,404	-	33,590,092

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

COMPANY	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	16	**165,000**	**900,000**	**1,818,221**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**47,577**
Transfer to reserve fund	16.4	-	-	47,577
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

Development Fund	Capital Revaluation Reserve	Strategic Inventory Revaluation	Investment Valuation Reserve	Retained Earnings	Total Equity
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
6,696,503	**12,794,516**	**126,045**	**20,608**	**-**	**22,520,893**
-	-	-	-	1,178,715	1,178,715
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-	-	-	-	(8,197)	(8,197)
-	**7,120,019**	**(23,198)**	**1,498**	**(8,197)**	**7,090,122**
-	**7,120,019**	**(23,198)**	**1,498**	**1,170,518**	**8,268,837**
1,122,941	**-**	**-**	**-**	**(1,170,518)**	**-**
-	-	-	-	(47,577)	-
1,122,941	-	-	-	(1,122,941)	-
7,819,444	**19,914,535**	**102,847**	**22,106**	**-**	**30,789,730**

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 * Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 * Restated
Cash flows from operating activities					
Cash receipts from customers	30 (h)	6,089,464	7,102,494	6,089,464	7,102,494
Cash paid to suppliers and employees		(6,439,687)	(6,110,075)	(6,439,687)	(6,110,075)
Cash (utilised)/generated by operations	30 (a)	(350,223)	992,419	(350,223)	992,419
Interest received	30 (c)	71,612	52,335	71,612	52,335
Taxation paid	30 (b)	-	(287,261)	-	(287,261)
Net cash from operating activities		(278,611)	757,493	(278,611)	757,493
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	26.	2,911	5,118	2,911	5,118
Acquisitions of intangible assets	9.	(2,942)	(18,748)	(2,942)	(18,748)
Extension and replacement of property, plant and equipment to maintain operations	6.	(1,196,918)	(660,262)	(1,196,918)	(660,262)
Interest received	30 (c)	336,040	411,025	336,040	411,025
Dividend received	26.	67	872	67	872
Proceeds from collective investment schemes		396,000	230,000	396,000	230,000
Proceeds from fixed deposits and treasury bills		3,117,066	4,080,680	3,117,066	4,080,680
Proceeds from money market funds		325,000	20,000	325,000	20,000
Payments for collective investment schemes		(60,000)	(275,000)	(60,000)	(275,000)
Payments for fixed deposits and treasury bills		(2,243,111)	(3,037,060)	(2,243,111)	(3,037,060)
Payments for money market funds		(100,000)	(455,000)	(100,000)	(455,000)
Proceeds from loans receivable	30 (j)	2,425	1,697	2,425	1,697
Net cash used in investing activities		576,538	303,322	576,538	303,322
Cash flows from financing activities					
Interest paid	30 (d)	(55,340)	(93,669)	(55,340)	(93,669)
Repayments	30 (i)	(212,072)	(633,486)	(212,072)	(633,486)
Net cash used in financing activities		(267,412)	(727,155)	(267,412)	(727,155)
Net increase in cash and cash equivalents		30,515	333,660	30,515	333,660
Cash and cash equivalents at 1 July		1,779,162	1,375,735	1,779,162	1,375,735
Effect of exchange rate fluctuations on cash held		(51,389)	69,767	(51,389)	69,767
Cash and cash equivalents at 30 June	14.	1,758,288	1,779,162	1,758,288	1,779,162

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

1. REPORTING ENTITY

Namibia Power Corporation (Proprietary) Limited is the holding company of the Group and is incorporated and domiciled in Namibia. The financial statements for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. BASIS OF PREPARATION

(a) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and the requirements of the Namibian Companies Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following items which are measured at fair value:

- Derivative financial instruments;
- Financial assets and financial liabilities at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Property, plant and equipment excluding machinery and equipment and investment properties which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Namibia Dollars (N$), which is the Group's functional and presentation currency and are rounded to the nearest thousand.

(d) Materiality

NamPower defines material information as those which are expected to potentially influence decisions that the primary users of general-purpose financial statements make on the basis of the financial statements of NamPower if such information is omitted, misstated or it is obscuring the provision of financial information about NamPower. The identification of material information concentrates on both quantitative and qualitative matters that have the potential to impact the company's ability to deliver on its strategy.

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions and inputs made in measuring fair values are included in the following notes:

Note 6 - Revaluation of property, plant and equipment and impairment of assets;

Note 8 - Valuation of investment property and

Note 11 - Investments;

Note 29 - Valuation of financial instruments - loans and derivatives.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Committee (EXCO). EXCO, which has been identified as being the Managing Director, the Chief Operating Officer, the Chief Financial Officer, the Executive: Generation, the Executive: Modified Single Buyer, the Executive: Human Capital and the Executive: Transmission.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by EXCO to make decisions about resources to be allocated to the segment and to assess the performance of the segment, for which separate financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its associates. The Company measures its investments in associates at cost less accumulated impairment losses in its separate financial statements.

(i) Investments in equity-accounted investees

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of its associates post-acquisition profits or losses is recognised within the share of profit of equity-accounted investees, and its share of post-acquisition movement in reserve is recognised in other comprehensive income. The cumulative post- acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any payables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The Group assesses on an annual basis whether there is any indication that an associate may be impaired. Where such an indication exist, the carrying amount of the interest in associate is tested for impairment by comparing its recoverable amount with the carrying amount.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing these financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is initially recognised at cost. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequently property, plant and equipment is measured at revalued amounts being its fair value at the date of the revaluation less any subsequent accumulated depreciation (see below) and subsequent accumulated impairment losses (see accounting policy 3 (e)), except for machinery and equipment which is measured at cost less accumulated depreciation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment. Plant and equipment is revalued at the estimated replacement cost thereof as adjusted in relation to the remaining useful lives of these assets. Property is revalued to its fair value. Valuations of property, plant and equipment are determined from market-based evidence by appraisals undertaken by professional valuers. The Group performs independent external revaluations every three years, and independent desktop revaluations in between to ensure that the carrying amount does not differ significantly from the fair value. Variables used in the desktop revaluation are both international and local indices to determine the replacement cost for the various asset classes. The valuators consider the trends in replacement costs for the desktop revaluation to arrive at a cost price adjustment to determine the replacement cost of the assets for the period under review.

Any revaluation increase arising on the revaluation of such property, plant and equipment is recognised in other comprehensive income and presented in equity in the capital revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount as a result of a revaluation is recognised in profit or loss. The decrease is recognized in other comprehensive income only to reduce any credit balance existing in the revaluation reserve. On the subsequent sale or retirement of an item of revalued property, plant and equipment, the attributable revaluation surplus remaining in the capital revaluation reserve is transferred directly to retained earnings.

The market value of property is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value of items of plant and equipment, is based on the market approach and cost approaches using market prices for similar items when available and depreciated replacement cost when appropriate.

Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The estimated useful lives for the current and comparative periods are as follows:

Category

- Power Stations
  - Ruacana Power Station: Plant 1 - 50 years
  - Ruacana Power Station: Civils 45 - 100 years
  - Van Eck Power Station: Plant 10 - 35 years
  - Anixas Power Station: Plant 10 - 35 years
- Transmission and Distribution Systems: 8 - 60 years
- Machinery and Equipment: 3 - 35 years
- Buildings: 23 - 50 years
- Aircraft fleet: 10 - 35 years

The depreciation methods, useful lives and residual values are reassessed annually.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

(iii) Strategic inventory

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period. Stand-by equipment relates to parts kept on hand to ensure the uninterrupted operation of production equipment if there is an unexpected breakdown or equipment failure. Depreciation starts immediately when they are available for use. Spare parts are regularly replaced, usually as part of a general replacement programme. Depreciation commences when the asset has been installed and is capable of being used.

This asset class is accounted for in terms of the accounting policy for property, plant and equipment and is revalued every three years with such sufficiency that the amount does not differ materially from that which would be determined using fair values at the reporting date.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they meet the definition of property, plant and equipment, otherwise they are classified as inventories in accordance with IAS 2, Inventories.

(iv) Assets under construction

Assets under construction are measured at cost which is assumed to be equal to fair value. This includes costs of materials and direct labour and any cost incurred in bringing it to its present location and condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Materials used in the construction of property, plant and equipment are valued at weighted average cost.

Assets under construction are not revalued as the cost of construction is assumed to be at fair value.

(v) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, limited to its residual value.

The Group depreciates stand-by equipment. Stand-by equipment is depreciated at the same rate as the main item of property, plant and equipment as these assets will be simultaneously retired with the main asset.

The useful life of spare parts and servicing equipment classified as property, plant and equipment commences when they are put into use, rather than when they are acquired. Spare parts and servicing equipment are depreciated over the period starting when it is brought into service and continuing over the shorter of its useful life and the remaining expected useful life of the main asset.

Land and assets under construction are not depreciated.

(vi) Disposal

Gains or losses are determined by comparing proceeds with the carrying amount. The gains or losses are included in profit or loss.

vii) Reclassification to Investment Property

If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

(c) Intangible assets

(i) Computer software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use a specific software. These costs are amortised over their estimated useful lives. If software is integral to the functionality of related equipment, then it is capitalised as part of the equipment.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Acquired computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life for the current and comparative periods is as follows:

- Computer software - 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation purposes but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property calculated as the difference between net proceeds from disposal and the carrying amount of the item, is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of the investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Rental income earned on investment properties are recognised on a straight line basis over the lease term.

(e) Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets or its cash generating unit, other than inventories and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses, except for property, plant and equipment accounted for under the revaluation model, are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to the assets in terms of the apportionment method depending on the carrying amount of that specific assets.

See accounting policy 3 (b)(i) for revaluation model.

Reversals of impairment

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

Fuel, coal, maintenance spares and consumable stores are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined using the weighted average cost method.

(g) Trade and other receivables

Trade receivables are amounts due from customers for the supply of electricity and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 13 for further information about the Group's accounting for trade receivables and note 29.4.3 for a description of the Group's impairment policies. Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group and are recognised initially at the amount of consideration. They are subsequently measured at amortised cost less loss allowance.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled on 30 day terms.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amount of trade and other payables approximates their fair value. Trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as finance cost. Provisions are not recognised for future operating losses. The only provisions that the Group has are employee benefit provisions. Refer to accounting policy (p).

(j) Financial Instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of financial assets or deducted from the fair value of financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Interest bearing loans and borrowings, loans and receivables, corporate bonds, fixed deposits, cash and cash equivalents and trade and other receivables that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group subsequently measures all other financial assets at fair value through profit or loss (FVTPL).

However, the Group may make the following irrevocable election at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met;

- and The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal and interest repayments, plus interest calculated using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in finance income in note 24.

(ii) Debt instruments classified as at FVTOCI

The inflation linked bonds held by the Group are classified as at FVTOCI. These bonds are denominated in Namibia Dollars (N$) and linked to the Namibian CPI, thus there is no leverage. The inflation linked bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these inflation linked bonds as a result of impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these inflation linked bonds had been measured at amortised cost. All other changes in the carrying amount of these inflation linked bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

The Group elected to classify irrevocably its non-listed equity investments as measured at FVTOCI as it intends to hold these investments for the foreseeable future.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial Assets at FVTPL

Collective investment schemes and derivative financial assets (mandatorily measured), that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

(v) Cash and Cash Equivalents

Cash and cash equivalents are stated at cost which approximates fair value due to the short - term nature of these instruments.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash balances, including call accounts.

(vi) Foreign Exchange Gains and Losses on Financial Assets

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

  For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

(vii) Finance Income

Finance income comprises interest receivable on loans, trade receivables and income from financial market investments.

Finance income is calculated by applying the effective interest rate method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Finance income on credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). Interest income is recognised as it accrues using the effective interest method in profit or loss.

The Group has chosen to present interest received on financial assets held for cash management purposes as operating cash flows and interest received on other financial assets as investing cash flows because they are returns on the Group's investments.

(viii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix for some of the portfolios and loss rate approach for the rest. The provision matrix approach is a calculation of the lifetime expected credit loss applying relevant loss rates to the trade receivables ageing bucket. The resultant loss rates are calibrated based on historical credit loss experience, taking into account both the time value of money and previous write-offs recoveries. The loss rate approach uses historical credit loss experience in order to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets. Both approaches are applied with reference to past default experience of the debtor with time value of money losses taken into account through the analysis of default experience by assessing the time taken to collect trade receivables. Adjustments are made for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Impairment loss is reversed to the extent that it does not exceed what the carrying amount of the financial asset would have been had the impairment not been recognised.

Reversal of impairment losses are recognised in profit or loss except for equity investments at FVTOCI which are recognised in other comprehensive income.

Significant increase in credit risk

The Group assesses the significant increase in credit risk of the investments and loans receivables on an ongoing basis throughout each reporting period and keeping abreast of the latest developments in various industries to determine major key risk factors that could have adverse effect on underlying assets and their credit rating. The Group considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the financial institutions' ability to meet its obligations
- Actual or expected significant changes in the operating results of the financial institutions
- Significant increases in credit risk on other financial instruments of the financial institutions

The Group considers the following macroeconomic information in its mode:
- Market interest rates and
- Growth rates

Fund fact sheets are also analysed and reviewed on a quarterly basis, with specific attention to risk profile and asset allocation of each individual fund and thereby ensuring compliance with overall NamPower Investment Policy Statement.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on investments and loans receivables has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low probability of default in terms of the Group's investment policy statement and risk appetite.

The Group considers a financial asset to have low probability of default when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Trade receivables subject to impairment are monitored to assess whether they have been subject to a significant increase in credit risk after initial recognition. There will be a significant increase in credit risk when:

- Payments are more than 90 days past due;
- A significant qualitative event has occurred.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor;
- or Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than (ninety) 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the customer, issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the customer or borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Where it is assessed that a counterparty's credit risk has increased significantly from its initial low risk designation, the related asset is moved from stage 1 to stage 2.

Where the counterparty is assessed to be credit-impaired, the related asset is disclosed in stage 3.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The expected credit loss methodology remained consistent from those applied previously. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting dates plus any interest earned up to the date of default for interest bearing debt instruments. For accounts receivable, the exposure includes the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

(ix) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to treasury income in profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(x) Liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

(xi) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(xii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near future; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking;

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(xiii) Non-derivative financial liabilities

These financial liabilities comprise of loans and borrowings, trade and other payables and retention creditors. Loans payable to subsidiaries are measured at amortised cost.

Non-derivative financial liabilities are recognised initially at fair value less directly attributable transaction costs. The loans, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

Fair value which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying value of short-term non-derivative financial instruments is assumed as the fair value due to the short-term nature of the instruments. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(xiv) Offset

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the Group intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

(xvi) Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These exchange gains and losses are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at spot rate at the reporting date.

(xv) Derecognition of financial liabilities

A financial liability is derecognised when, and only when:

The liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled; or has expired.

The difference between the carrying amount of a financial liability (or part thereof) derecognised and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(xvii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities which includes forward exchange contracts, interest rate and cross currency swaps. In accordance with its investment policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value, directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

(xviii) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to those of a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variable. The hybrid contract is the entire contract and the host contract is the main body of the contract excluding the embedded derivative.

An embedded derivative is separated from the host contract and accounted for as a derivative if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

The determination of the value of the host contract of a hybrid electricity contract (which includes an embedded derivative) is based on the standard electricity tariff specified in the contract and where no standard tariff is specified, the tariff that would normally apply to such a customer.

The changes in fair value are included in net fair value gain/ (loss) on embedded derivatives in profit or loss. The impact of the fair value gains or losses is taken into account in the calculation of current and deferred taxation.

Embedded derivatives that are not separated are effectively accounted for as part of the hybrid instrument. The value at initial recognition is adjusted for cash flows since inception. The value of the embedded derivatives which involve a foreign currency is first determined by calculating the future cash flows, converting the cash flows to the reporting currency at the relevant Namibia dollar/foreign currency forward rate and then discounting the cash flows by using the relevant interest rate curve.

The fair value of the embedded derivative is determined on the basis of its terms and conditions. If this is not possible, then the value of the embedded derivative is determined by fair valuing the whole contract and deducting from it the fair value of the host contract. If the Group is unable to determine the fair value of the embedded derivative using this method then the entire hybrid contract is designated as at fair value through profit or loss.

Where there is no active market for the embedded derivatives, valuation techniques are used to ascertain their fair values. Financial models are developed incorporating valuation methods, formulae and assumptions. The valuation methods include the following:

• forwards rates, CPI indexes and commodity indexes.

The fair value of embedded derivatives is adjusted, where applicable, to take into account the inherent uncertainty relating to the future cash flows of embedded derivatives such as liquidity, model risk and other economic factors.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is more than twelve (12) months and is not expected to be realised or settled within twelve (12) months

(xix) Hedging

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. The Group designates certain derivatives as a hedge of the exposure in the fair value of recognised assets or liabilities or unrecognised firm commitments.

Economic hedging

The Group does not apply hedge accounting as the derivatives are used for economic hedging. Changes in fair value of these derivative instruments are recognised in profit or loss.

(k) Deferred revenue

(i) Government grants

Government grants are recognised initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Government grants received relating to the creation of electricity assets are included in non- current liabilities as deferred revenue and are credited to profit or loss on a systematic basis over the useful lives of the assets. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Assets constructed by customers

The Group recognises assets transferred by customers as an item of property, plant and equipment in accordance with IAS 16 at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised in deferred revenue in accordance with IFRS 15 revenue from contracts with customers over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to Property, Plant and Equipment in accordance with IAS 16. The deferred revenue is recognised in revenue in accordance with IFRS 15 over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Financing component

Income recognised as capital contribution are for funds utilised in the construction of the asset or the assets transferred by the customer in order to connect and supply the electricity to the customer. Although the construction of the asset and the supply of power are not two distinct performance agreements, the income derived as assets transferred by the customer or as a result of capital contribution towards the construction of the assets is not discounted during the construction period as the funds received from customers are deemed as typical within the industry as per IFRS 15 paragraph BC233(c).

The primary purpose of those payment terms is to provide the customer with assurance that the entity will complete its obligations satisfactorily under the contract, rather than to provide financing to the customer or the entity.

(l) Appropriation of Funds

The Group is dependent upon funds generated internally and the raising of long-term loans for the financing of its fixed and working capital requirements. Therefore, the Group is compelled to apply funds derived from its activities after provision for taxation, as follows:

- Reserve Fund - to be utilised to fund costs associated with potential energy crises. The Board of Directors have decided that the current level of funding is adequate. The Fund is credited with interest earned, after deduction of income tax, on the monthly balance. The interest earned is calculated on the outstanding balance of the reserve fund at a monthly average interest rate earned on the current account.
- Development Fund - to be utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks. The annual profit after the interest allocation to the reserve fund is transferred to this fund.

Share Capital - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(m) Taxation

Tax expense comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: taxable temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and it is the Group's intention to settle on a net basis or to realise their tax assets and settle their tax liabilities simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable and the related tax benefit will be realised.

(n) Revenue

Revenue comprises of electricity sales, SAPP market sales, capital contributions by customers and associated services. Most customers pay for electricity after consumption and have 30 days to pay, except for capital contributions.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Tariffs and service charges are agreed upfront with the customer. Revenue is adjusted for the fair value of non-cash consideration received, and for upfront capital contributions advanced by customers. The Group recognises revenue when (or as) the Group transfers control of a product or service to a customer.

(i) Electricity Sales

The Group supplies units of electricity to users. Revenue is recognised over time as electricity is consumed by the customer. Performance obligation is settled when electricity is supplied to the customer. Some customers prepay for electricity.

(ii) Services

Service revenue comprises of basic charges. The basic charge covers the monthly administrative costs, which is basically the cost for meter readings and monthly invoicing and account queries. These charges are part of the monthly bill to the customer and revenue is recognised as and when the service is performed.

(iii) Capital Contributions

Transfers of assets constructed by the customers

The transfers of assets from customers comprise of assets constructed by customer and transferred to the Group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system. Connections relating to electricity purchasing customers where there is a material right are allocated to deferred income when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Capital contributions where the construction of assets is funded by external parties on behalf of the customer are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to the beneficiary and a receivable recognised for the costs incurred. The Group is guaranteed a refund as these projects are pre-approved.

Capital contributions made by the customer towards assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue as they represents a contract liability. Costs incurred associated to the assets are capitalised as assets under construction. Once the asset is complete, it is transferred to property, plant and equipment.

In Power Supply agreements where there is an ongoing obligation on the Group to provide services and electricity to the customer, the deferred revenue is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Measurement and recognition

The Group recognises assets transferred by customers as an item of property, plant and equipment at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised as deferred revenue as it represents a contract liability.

The value of the capital contribution is included in the determination of the transaction price, and in the PSA contracts as there are subsequently, ongoing obligations on NamPower to connect the customer to the network. Thus, the deferred revenue is recognised when the performance obligations are satisfied, i.e. over the shorter of the PSA contract term, or the useful life of the asset.

(iv) SAPP market sales

Energy sold through energy trading markets. Energy is sold via Southern Africa Power Pool (SAPP) and not to a specific utility. Revenue is recognised when the customer uses power.

(v) Maximum demand

This charge covers the cost of the transmission network, the operations and maintenance on the distribution network. The Group is required to be in a position to supply anytime the notified maximum demand to the customers. The Maximum demand charge is the highest load/maximum demand supplied/incurred during a billing month or any consecutive period. Revenue is recognised over time as and when the customer is connected to the grid.

(vi) Extension charges

Extension covers the operations and maintenance of the transmission network and other charges to distribution customers. Revenue is recognised over time when the customer is connected to the grid.

(vii) Network charges

Network charges covers the cost to access the Group's transmission network and revenue is recognised over time when the customer is connected to the grid.

(viii) Losses charges

Losses sales recovers the cost of transmission losses previously part of electricity sales, which is energy lost when transporting over transmission i.e. units into the system less units sold = transmission losses. Revenue is recognised over time as and when the customer is connected to the grid.

(ix) Reliability charges

Reliability sales recovers the cost of being the supplier of last resort previously part of electricity sales. These includes like ancillary services (spinning and quick reserve/network stability, voltage regulation, black start, etc.), long term planning, market operator costs, etc. Revenue is recognised over time as and when the customer is connected to the grid.

(x) Other income

Other income comprises non-electricity associated income usually of small value and once off transactions. Other income is recognised at a point in time, when the service is performed.

(o) Finance expenses

Finance expenses comprise interest expense on borrowings, interest and fees payable on debt securities, interest resulting from derivatives held for risk management and interest from the unwinding of discount on liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Employee benefit provisions

(i) Short-term employee benefit provisions

The cost of all short term employee benefit provisions is recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to annual leave and bonuses represent the amount which the Group has a present obligation to pay as a result of employee services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

(ii) Retirement Benefits

The Group contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(iii) Post-Retirement Medical Benefits

The Group subsidises part of the contributions by retired employees to the medical aid fund. An obligation is recognised for the present value of post-retirement medical benefits.

The net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is done by a qualified actuary using the projected unit credit method. The discount rate is the yield of the South African zero coupon government bond as at 30 June 2022.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or to the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefit provisions

Severance Pay Retirement Benefits

The Group recognises an obligation for statutory severance benefits, in accordance with the Namibia Labour Act 2007. The liability is discounted to account for the present value of the future benefits payable on resignation or retirement of employees on reaching the age of 65. The cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The movement for the year including actuarial gains and losses is recognised in profit or loss in the year in which it occurs. The discount rate is the yield of the South African zero coupon government bond as at 30 June 2022.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 6 - Revaluation of property, plant and equipment

The Group performs an independent external revaluation every three years and an annual independent desktop revaluation to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

In estimating the fair value of property, plant and equipment, the Group uses market-observable data to the extent that it is available (see note 6). The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Further information on the carrying amounts of property, plant and equipment and the sensitivity of those amounts to changes in unobservable inputs are provided in note 6.8.

Note 29.4 - Expected credit losses

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future macro-economic forecasts. Further information on the loss allowance are provided in note 13.

Note 21.2 - Embedded derivatives

NamPower has entered into two (2) power purchase agreements (PPAs) with ZESCO Limited. The first is a 100MW 10 year contract which commenced in February 2020 and the second is a 80MW 5 year contract which commenced in April 2022. The contracts are both denominated in United States Dollars (USD) and both energy tariffs escalate with the United States Producer Price Index (US PPI).

The embedded derivative comprises the following categories:

- Foreign currency embedded derivative due to the PPA being denominated in USD
- Inflation-linked embedded derivative due to the tariff escalation being based on US PPI

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives.

The future foreign cash flows are estimated and converted into local reporting currency at the relevant foreign currency forward rates. This was done at the inception date of each PPA and is repeated for each valuation date. The net differences in the future cash flows, between the valuation and inception dates, are then discounted by using the relevant interest rate curve, to determine the valuation amount. The input assumptions pertinent to the valuation are obtained either with reference to the contractual provisions of the relevant PPA or from independent market sources where appropriate. The only significant unobservable input is the US PPI.

Forecast sales volumes are based on average historical energy usage and contractual minimums as stipulated in the PPAs.

The ZESCO Power Purchase Agreements ("PPAs") do not meet any of the indicators in IFRS 9 par 2.6 or IAS 32 par 9 to imply that the contract is being settled net in cash or another financial instrument or by exchanging financial instruments. Even though NamPower did sell excess units of electricity during the 2022 financial year, this is due to periods of lower than expected demand, as opposed to being a consequence of specifically net-settling purchases made under the PPAs, or other similar contracts. NamPower does not sell the excess units linked to a specific contract. Instead, NamPower sells excess units on a portfolio basis. NamPower does not profit from entering into these contracts to sell excess energy, and therefore, there is no short-term profit making objective. Therefore the own use exemption has been met.

The following assumptions were used for the valuation of embedded derivatives and are regarded as the best estimates by the Group:

INPUT	UNIT	2023	2024	2025	2026	2027
US CPI	Year-on-year (%)	2.82%	2.53%	2.48%	2.34%	2.26%
United States PPI - ZESCO 100MW	Year-on-year (%)	3.30%	2.42%	2.38%	2.25%	2.17%
United States PPI - ZESCO 80MW	Year-on-year (%)	3.14%	2.39%	2.35%	2.22%	2.14%
NAD/USD	NAD per USD	16.925	17.795	18.889	19.967	21.265
United States interest rates	Annual effective %	3.05%	3.03%	2.89%	2.83%	2.81%
Rand interest rates	Annual effective %	6.70%	7.39%	7.73%	7.93%	8.11%

5. STANDARDS AND INTERPRETATIONS

5.1 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5.2 Standards and interpretations issued and not yet effective for the year ended 30 June 2022

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2022, the following Standards and Interpretations which affects the Group and Company were in issue but not yet effective:

STANDARD	EFFECTIVE DATE
Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)	Annual periods beginning on or after 1 January 2023
Amendment to IFRS 3 - Business combinations	Annual reporting periods beginning on or after 1 January 2023
Annual improvements cycle 2018 - 2020	Annual reporting periods beginning on or after 1 January 2022
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023

* All standards will be adopted at their effective date.

Only the standards not yet effective which are relevant to the Group's operations, are listed.

The directors are of the opinion that the impact of the application of the standards will be as follows:

Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date.

The amendment will not have a significant impact on the Group's consolidated financial statements. The guidance on this amendment will be applied for future financial periods.

Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The Group is currently assessing the impact of the amendment.

Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of the amendment.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. An entity should recognises the proceeds from selling such items and the cost of producing those items in profit or loss. The Group is currently assessing the impact of the amendment.

Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'.

Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. The Group will have to evaluate the detailed requirements of the amendment to assess the impact on the financial statements.

Amendment to IFRS 3 - Business combinations

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The guidance on this amendment will be applied for future financial periods

Annual improvements cycle 2018 -2020

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

IFRS 17, 'Insurance contracts'

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The Group is currently assessing the impact of the amendment.

The Group will need to consider whether the accounting policies are still appropriate under the revised Framework.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation	Accumulated depreciation	Accumulated impairment	Carrying amount
	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY				
2022				
Ruacana Power Station	**8,005,484**	**(360,984)**	**-**	**7,644,500**
Van Eck Power Station	**1,389,808**	**(111,512)**	**-**	**1,278,296**
Anixas Power station	**540,314**	**(21,435)**	**-**	**518,879**
Omburu PV Station	**361,018**	**(1,146)**	**-**	**359,872**
Transmission and Distribution systems	**25,661,566**	**(795,442)**	**-**	**24,866,124**
Aircraft fleet	**61,122**	**(2,872)**	**-**	**58,250**
Machinery and equipment	**226,978**	**(63,392)**	**-**	**163,586**
Land and Buildings	**384,020**	**(13,279)**	**-**	**370,741**
Assets under construction	**1,659,116**	**-**	**-**	**1,659,116**
Strategic inventory	**731,879**	**-**	**-**	**731,879**
Total	**39,021,305**	**(1,370,062)**	**-**	**37,651,243**
2021				
Ruacana Power Station	6,840,592	(219,351)	-	6,621,241
Van Eck Power Station	1,334,297	(107,781)	-	1,226,516
Anixas Power station	502,314	(18,515)	-	483,799
Transmission and Distribution systems	21,892,282	(457,001)	(104,544)	21,330,737
Aircraft fleet	56,670	(3,735)	-	52,935
Machinery and equipment	228,582	(47,459)	-	181,123
Land and Buildings	400,286	(12,720)	(6,790)	380,776
Assets under construction	1,006,125	-	-	1,006,125
Strategic inventory	666,619	-	-	666,619
Total	**32,927,767**	**(866,562)**	**(111,334)**	**31,949,871**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Ruacana Power Station	Van Eck Power Station	Anixas Power Station	Omburu PV Station
		N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY					
2022					
Carrying amount at 1 July 2021		6,621,241	1,226,516	483,799	-
- At cost/valuation		6,840,592	1,334,297	502,314	-
- Accumulated impairment		-	-	-	-
- Accumulated depreciation		(219,351)	(107,781)	(18,515)	-
Additions		-	-	-	-
Assets under construction completed		796	-	1,970	361,018
Strategic inventory items issued		-	-	-	-
Transfer to investment property		-	-	-	-
Transfer to intangible assets	9	-	-	-	-
Assets transferred from customers		-	-	-	-
Revaluation		1,383,447	163,292	54,545	-
Disposals		-	-	-	-
- At cost/valuation		-	-	-	-
- Accumulated depreciation		-	-	-	-
Depreciation for the year		(360,984)	(111,512)	(21,435)	(1,146)
Carrying amount at 30 June 2022		7,644,500	1,278,296	518,879	359,872
- At cost/valuation [1]		8,005,484	1,389,808	540,314	361,018
- Accumulated impairment		-	-	-	-
- Accumulated depreciation [1]		(360,984)	(111,512)	(21,435)	(1,146)

[1] Accumulated depreciation at 01 July 2021 were reversed against the cost during the 2022 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
21,330,737	52,935	181,123	380,776	1,006,125	666,619	31,949,871
21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)
-	-	52,146	-	1,041,428	103,344	1,196,918
128,335	-	3,951	4,436	(500,506)	-	-
-	-	-	-	112,069	(112,069)	-
-	-	-	(1,192)	-	-	(1,192)
-	-	(2,305)	-	-	-	(2,305)
32,384	-	-	-	-	-	32,384
4,170,110	8,187	-	-	-	73,985	5,853,566
-	-	(133)	-	-	-	(133)
-	-	(7,937)	-	-	-	(7,937)
-	-	7,804	-	-	-	7,804
(795,442)	(2,872)	(71,196)	(13,279)	-	-	(1,377,866)
24,866,124	58,250	163,586	370,741	1,659,116	731,879	37,651,243
25,661,566	61,122	226,978	384,020	1,659,116	731,879	39,021,305
-	-	-	-	-	-	-
(795,442)	(2,872)	(63,392)	(13,279)	-	-	(1,370,062)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Ruacana Power Station	Van Eck Power Station	Anixas Power Station
		N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY				
2021				
Carrying amount at 1 July 2020		**5,432,898**	**1,146,915**	**450,656**
- At cost/valuation		5,640,174	1,238,355	468,304
- Accumulated impairment		-	-	-
- Accumulated depreciation		(207,276)	(91,440)	(17,648)
Additions		-	-	-
Assets under construction completed		13,741	7,744	-
Strategic inventory items issued		-	-	-
Transfer to intangible assets	9	-	-	-
Assets transferred from customers		-	-	-
Revaluation		1,393,953	179,638	51,658
Devaluation		-	-	-
Impairment		-	-	-
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		(219,351)	(107,781)	(18,515)
Carrying amount at 30 June 2021		**6,621,241**	**1,226,516**	**483,799**
- At cost/valuation [1]		6,840,592	1,334,297	502,314
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		(219,351)	(107,781)	(18,515)

[1] Accumulated depreciation at 01 July 2020 were reversed against the cost during the 2021 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
12,933,393	**53,271**	**141,584**	**379,801**	**670,658**	**613,897**	**21,823,073**
13,366,633	55,683	194,957	393,153	670,658	613,897	22,641,814
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)
493	-	62,888	(212)	452,393	144,700	660,262
60,807	-	53,413	39,085	(174,790)	-	-
-	-	-	-	57,864	(57,864)	-
-	-	(18,549)	-	-	-	(18,549)
34,976	-	-	-	-	-	34,976
8,862,613	3,399	-	-	-	-	10,491,261
-	-	-	(18,388)	-	(34,114)	(52,502)
(104,544)	-	-	(6,790)	-	-	(111,334)
-	-	(587)	-	-	-	(587)
-	-	(10,754)	-	-	-	(10,754)
-	-	10,167	-	-	-	10,167
(457,001)	(3,735)	(57,626)	(12,720)	-	-	(876,729)
21,330,737	**52,935**	**181,123**	**380,776**	**1,006,125**	**666,619**	**31,949,871**
21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Assets under construction

	Power Stations	Transmission and Distribution systems	Machinery and equipment	Land and buildings	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY					
2022					
Opening balance	**283,025**	**698,862**	**13,881**	**10,357**	**1,006,125**
Additions	**347,871**	**780,623**	**19,079**	**5,924**	**1,153,497**
Assets under construction completed	**(363,784)**	**(128,335)**	**(3,951)**	**(4,436)**	**(500,506)**
Closing balance	**267,112**	**1,351,150**	**29,009**	**11,845**	**1,659,116**
2021					
Opening balance	67,380	585,704	2,056	15,518	670,658
Reclassification	(1,912)	(40,836)	42,868	(120)	-
Additions	239,042	214,801	22,370	34,044	510,257
Assets under construction completed	(21,485)	(60,807)	(53,413)	(39,085)	(174,790)
Closing balance	**283,025**	**698,862**	**13,881**	**10,357**	**1,006,125**

6.2 Land and buildings (owner-occupied properties)

The revaluation of land and buildings were performed externally effective 30 June 2022 by independent valuer, Nadia van der Smit of Gert Hamman Property Valuers CC. Gert Hamman Property Valuers CC is not connected to the Group.

The valuations were performed on the basis of one of the methods mentioned below:

- Replacement value where no ready market exists or market value as estimated by sworn appraisers;
- Investment method of valuation which is based on the hypothesis that capital value will be a function of rental value.
- Direct Comparable Approach comparing the subject properties characteristics with those of comparable properties which have recently sold in similar transactions.

Details of properties registered in the Company's name are available for inspection at the registered office of the Company.

6.3 Transmission and Distribution Systems

A number of distribution lines and transmission substations are erected on or are under construction on land which does not belong to the Company. Occupational rights are secured by agreements between the owners and Namibia Power Corporation (Proprietary) Limited. Servitudes in favour of Namibia Power Corporation (Proprietary) Limited in respect of these occupational rights are registered with the registrar of deeds and are available for inspection at the Company's premises.

6.4 Ruacana Power Station

The Ruacana Power Station is erected on land in the Kunene region for which occupational rights were obtained. The Diversion Weir is erected in Angola and acts as water storage for Ruacana Power Station.

6.5 Valuation of power stations, transmission and distribution systems and aircraft fleet

The Group performs an independent external revaluation every three years, and an independent desktop revaluation in between to ensure that the carrying amount does not differ significantly from the fair value.

A desktop revaluation was performed effective 30 June 2022 (a full revaluation effective 30 June 2021) for the power stations, transmission and distribution systems, strategic inventory and aircraft fleet by independent valuers namely, MPAMOT Africa Pty Ltd, on the basis of their replacement value as adjusted for the remaining useful lives of the assets. The valuators are not connected to the Group and have extensive experience in the valuation of generation, transmission and distribution assets.

The replacement value of the Ruacana and Van Eck Power stations increased significantly mainly due to increases in commodity prices, labour and transport costs, consumer price index (CPI), life extension and uprate projects undertaken. Accordingly, the degradation of the N$ against the US$ is considered to be the primary reason for the increase. The significant increase in the replacement value of the Transmission systems are attributed to the large increase in commodity prices (LME) over the period as well as escalation of the high-voltage direct current (HVDC) and static var compensator (SVC) prices. New assets and upgrades have also been added to the network.

A desktop valuation was performed for power stations, transmission and distribution systems, strategic inventory and the aircraft fleet as at 30 June 2022 by management, based on external independent input to ensure that the carrying amount does not differ significantly from the fair value.

Against the backdrop of the COVID-19 pandemic, rises in energy prices and unrest in Europe/Ukraine, there has been considerable market volatility. While changes are broadly characterised by notable price increases largely across the entire spectrum of materials and equipment, there are considerable deviations between the rates of increases amongst different types of equipment and materials.

The valuators derived the annual price change for 2022 for the various components of each asset class by analysing the corresponding regional and international price indices. Then the overall cost price adjustment for each asset class was calculated by applying a weighting to the individual component's price change and calculating an overall weighted price change average. From a general and qualitative point of view the Group deems the approach used as feasible and found no indications that the assumptions were unreasonable. The price changes per asset class were then applied by the Group to the replacement costs in the desktop valuation of the power generation and distribution and transmission assets.

6.6 Valuation of strategic inventory

A desktop revaluation was performed for the strategic inventory as at 30 June 2022 by independent valuers namely, MPAMOT Africa Pty Ltd, on the basis of their replacement value to ensure that the carrying amount does not differ significantly from the fair value. The valuators are not connected to the Group.

Escalations are applied based on relevant indices for the individual equipment types. The items in strategic inventory are broken down into the escalation categories i.e. CPI – Electrical Components, Conductor Steel Core (ACSR), transformer, switchgear, copper conductors and cables, tower, insulator, fittings and poles. These escalation categories are created to account for specific asset types and their makeup. The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) indices are used to account for such market fluctuations as these track the prices of commodities and other indicators used in adjusting for pricing over time.

6.7 Reconciliation of the carrying amount

Cost

The carrying amount that would have been recognised had the assets been measured under the cost model, for each revalued class of property, plant and equipment is not disclosed because it is impracticable. The Group's core assets have always been carried at the revalued amount before the implementation of IFRS and the historical values were not seperately disclosed and are therefore not available.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.8 Reconciliation of the revaluation surplus

2022	CONSOLIDATED	COMPANY	CONSOLIDATED	COMPANY
	Capital Revaluation Reserve (net of tax)	Capital Revaluation Reserve (net of tax)	Strategic Inventory Revaluation Reserve	Strategic Inventory Revaluation Reserve
	N$'000	N$'000	N$'000	N$'000
Opening balance at 1 July 2021	**(20,140,456)**	**(19,916,070)**	**(102,848)**	**(102,848)**
Change for the period	(3,980,425)	(3,980,425)	(50,310)	(50,310)
Revaluation	(3,980,425)	(3,980,425)	(50,310)	(50,310)
Closing balance at 30 June 2022	**(24,120,881)**	**(23,896,495)**	**(153,158)**	**(153,158)**
2021				
Opening balance at 1 July 2020	**(13,018,902)**	**(12,794,516)**	**(126,045)**	**(126,045)**
Change for the period	(7,121,554)	(7,121,554)	23,197	23,197
Revaluation	(7,121,554)	(7,121,554)	23,197	23,197
Closing balance at 30 June 2021	**(20,140,456)**	**(19,916,070)**	**(102,848)**	**(102,848)**

The distribution of the balance to the shareholder is only available on retirement or sale of the asset.

6.9 Measurement of fair value:

(i) Fair value hierarchy

The fair value measurements for the land and buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

The fair value measurements of the power stations, transmission systems and strategic inventory have been categorised as Level 3 fair values based on observable market sales data.

The fair value measurements for the aircraft fleet have been categorised as Level 2 fair values based on the market price in active markets for similar assets.

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

CONSOLIDATED AND COMPANY	2022 N$'000	2021 N$'000
Power stations, transmission and distribution systems and strategic inventory		
Opening balance 1 July	**30,346,930**	**20,595,776**
Additions and reclassification from property, plant and equipment	515,778	204,598
Depreciation	(1,290,519)	(802,648)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	5,845,379	10,349,204
Closing balance 30 June	**35,417,568**	**30,346,930**
Land and buildings		
Opening balance 1 July	**380,776**	**379,801**
Additions and reclassification from property, plant and equipment	3,244	38,872
Depreciation	(13,279)	(12,720)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	-	(25,178)
Closing balance 30 June	**370,741**	**380,776**

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.9. (iv) Valuation techniques and significant observable and unobservable inputs used

There are no changes in the valuation techniques used for the period under review.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant inputs used.

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Power stations	3	Depreciated replacement cost (DRC) method	Desktop valuation: The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration.	Not applicable	The replacement costs are based on a combination of the escalation of historical costs, observed trends in prices for new generation plants and proprietary 3rd party software. Furthermore, the following was considered: - Material costs - Asset age and assigned useful life - Historical performance and planned future use - Financing costs - Discount rate - NamPower's weighted average cost of capital (WACC) - Exchange rates - Relevant published indices and commodity prices	Increases in the cost of supply (equipment, materials, labour, etc) will increase the fair value and vice versa. A decrease in the assigned useful life will result in a reduced fair value measurement.

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Transmission and distribution systems	3	Depreciated replacement cost (DRC) method	Desktop valuation: The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration. The MEA approach is used where the equipment is broken down into the following major components: - Overhead lines; - Switchgear; - Transformers; - Reactive compensation equipment; and - Control and Communications equipment. The approach revaluates each asset individually based on the age of the asset and consequently the probable remnant life to apply the straight line depreciation method.	Not applicable	The following were considered: - Ancillary costs - Labour costs - Material costs - Ex. Works pricing - Depreciation - Probable remnant lives - Useful lives policies - Maximum lives of equipment types - Namibian Network Assessment Register (NENA) database for the distribution assets - Exchange rates	An increase in labour and materials costs would result in an increase in the fair value and vice versa. A decrease in maximum lives results in a decrease in fair value and vice versa.
Aircraft fleet	2	Market comparable prices	The fair value of the aircraft fleet was determined through consideration of the published aircraft bluebook as well as consideration of prevailing prices for similar aircraft fleet of a similar age and operating hours (both for the engines and airframes) on the international market.	Market prices	Not applicable	Not applicable
Land and buildings	3	Depreciated cost approach	This method determines the present market value of the subject property by estimating the present cost of replacing the building(s) by estimating the total amount of accrued depreciation from all causes, namely physical deterioration, functional obsolescence and external obsolescence, subtracting the accrued depreciation from the present replacement costs, estimating the value of minor improvements and adding the site value to the depreciated cost of the building(s).	Not applicable	Capitalisation rate 11.5% (2021: 11.5%) Expected market rental growth 2-3% (2021: -2%)	The estimated fair value would increase (decrease) if:

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Land and buildings	3	Investment method	This method is based on the hypothesis that capital value will be a function of rental value.	Not applicable	Risk adjusted discount rates 7-12% (2021: 5-8%)	• Expected market rental growth was higher (lower); • The risk-adjusted discount rate was lower (higher).
Land and buildings	3	Direct Comparable Approach	Compares the subject properties characteristics with those of comparable properties which have recently sold in similar transactions.	Not applicable	Expected vacancy rate 5-8% (2021: 7-10%)	• Void periods were shorter (longer); • The occupancy rate was higher (lower);
Land and buildings	3	Replacement value method	The market value is estimated by sworn appraisers where no ready market exists.	Not applicable	Expenses 22% (2021: 15-22%)	• Rent-free periods were shorter (longer).
Strategic inventory	3	Replacement cost (RC) method	This method determines the present market value. Management's expert derived the annual price change for the strategc inventory by applying escalations for the individual equipment type and market movements based on indices relevant to that asset grouping.	Not applicable	The replacement costs for the equipment is based on costs from purchases and are indexed from this date to obtain the current market rate. -Cost Price Adjustment (CPA) formulas -Respective indices Consumer price index (CPI)	An increase in labour and materials costs would result in an increase in the fair value and vice versa. An increase in commodity price would result in an increase in fair value.

6.9. (iv) Valuation techniques and significant observable and unobservable inputs used

Sensitivity analysis for property, plant and equipment categorised into Level 3 of the fair value hierarchy:

The higher the capitalisation rate and expected vacancy rate, the lower the fair value of the land and buildings, and vice versa. The higher the rental growth rate, the higher the fair value of the land and buildings, and vice versa.

An increase in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight increase in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems.

An decrease in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight decrease in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems.

	2022		2021	
	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	7,765,135	7,796,196	6,599,761	6,723,464
Van Eck power station	1,296,669	1,300,671	1,225,152	1,249,903
Anixas power station	524,638	526,889	484,086	490,980
Distribution lines	580,078	582,599	751,487	752,619
Transmission lines	17,201,347	17,294,095	14,023,294	14,044,420
Transmission substations	6,938,384	6,963,814	6,863,103	6,873,442
Strategic inventory	727,677	730,286	671,136	672,147

	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	7,495,046	7,525,327	6,519,762	6,641,963
Van Eck power station	1,256,112	1,260,035	1,203,354	1,227,665
Anixas power station	510,940	513,158	476,686	483,443
Distribution lines	572,103	574,625	740,255	741,375
Transmission lines	17,002,717	17,095,465	13,813,696	13,834,598
Transmission substations	6,890,146	6,915,576	6,760,524	6,770,754
Strategic inventory	715,627	718,232	661,105	662,105

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. The Finance Business Unit has set up a valuation committee, which is headed up by the Chief Financial Officer of the group to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy.

The responsibility of ongoing measurement resides with the business divisions. Once submitted, fair value estimates are also reviewed and challenged by the Chief Financial officer (CFO).

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

The CFO validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Evaluating and validating input parameters
- Verifying third party sources (micro or macro economy input)
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

6.10 Impairment loss

During the 2022 financial year, the Group performed an asset revaluation on the core assets and a separate property revaluation on land and buildings. During this review, the Group determined the carrying amount and recoverable amount of its assets and recognised an impairment loss of Nil (2021: N$111.3 million) principally on its transmission assets.

6.11 Fair value of the assets

A detailed assessment to ascertain the fair value of the assets cannot be performed on an annual basis due to the effort that would be required to perform such an exercise.

The Group's frequency of revaluation of 3 years is in line with the industry practice of 3 to 5 years. The Group believes that the carrying amount of its property, plant and equipment does not materially differ from the fair value.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies

	Nature of operation	Country of incorporation	Date of incorporation	Issued Share Capital	Percentage holding	Percentage holding	Shares at Cost	Shares at Cost	Total Investment	
					2022	2021	2022	2021	2022	2021
				N$	%	%	N$'000	N$'000	N$'000	N$'000
Name										
Directly held										
* Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia	25/02/1999	2,500	100	100	2	2	2	2
Less: impairment of investment				-	-	-	(2)	(2)	(2)	(2)
							-	-	-	-

* The subsidiary is dormant and thus not considered for consolidation purposes.

Director's valuation

The Directors valued the investments in unlisted equities and determined it to be equal to the carrying value of the investment.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

7.2 Associates

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Carrying amount of associates				
Carrying amount at beginning of year	**607,970**	580,563	**221,279**	221,279
Equity accounted earnings	**11,346**	27,846	**-**	-
Share of other comprehensive income of associates - gain on property valuation	**204,773**	-	**-**	-
Share of other comprehensive income of associates - remeasurement of employee benefits	**-**	(439)	**-**	-
	824,089	607,970	**221,279**	221,279
Post-acquisition reserves				
Retained earnings	**366,911**	150,792		
Share of opening retained earnings	**150,792**	123,385		
Share of current year income	**216,119**	27,407		
Non-distributable reserves	**457,178**	457,178		
Share of opening revaluation and development reserve	**457,178**	457,178		
	824,089	607,970		

7.3 The summarised unaudited financial statements of Nored Electricity (Pty) Ltd are as follows:

	CONSOLIDATED	
	2022	**2021**
	N$'000	**N$'000**
Statement of financial position		
Non current assets	**2,491,363**	2,466,084
Current assets	**246,136**	227,225
Non current liabilities	**(923,426)**	(899,159)
Current liabilities	**(477,332)**	(364,209)
	1,336,741	1,429,941
Statement of comprehensive income		
Revenue	**1,110,272**	1,158,647
Expenditure	**(1,122,477)**	(1,109,600)
(Loss)/Profit before taxation	**(12,205)**	49,047
(Loss)/Profit from continuing operations for the year	**(12,205)**	49,047
Total comprehensive (loss)/income	**(12,205)**	49,047

The Company holds a 33.33% equity interest in Nored Electricity (Pty) Ltd but has less than 33.33% of the voting rights. The Company has the right to appoint two of the six directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

7.4 The summarised unaudited financial statements of Central-North Electricity Distribution Company (Pty) Ltd (Cenored) are as follows:

	CONSOLIDATED	
	2022	2021
	N$'000	N$'000
Statement of financial position		
Non current assets	**675,220**	674,794
Current assets	**188,562**	160,688
Non current liabilities	**(217,494)**	(186,345)
Current liabilities	**(159,397)**	(185,846)
	486,891	463,291
Statement of comprehensive income		
Revenue	**647,302**	611,767
Expenditure	**(616,040)**	(585,948)
Profit before taxation	**31,262**	25,819
Taxation	**-**	(459)
Profit from continuing operations for the year	**31,262**	25,360
Other comprehensive income	**-**	(974)
Total comprehensive income	**31,262**	24,386

The Company holds a 45.0% equity interest in Central-North Electricity Distribution Company (Pty) Ltd (Cenored) but has less than 45.0% of the voting rights. The Company has the right to appoint two of the eight directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

7.5 The Associates are engaged in the supply and distribution of electricity in the northern regions and the central-north regions of Namibia. The Regional Electricity Distributors (REDS) have taken over the distribution function of the Company and is strategic to the entity's activities.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends.

The Group's associates are all incorporated in the Republic of Namibia which is also the principle place of business.

None of the Group's associates are publicly listed entities and consequentially do not have published price quotations.

The Group has no obligation which gives rise to the need to recognise contingent liabilities of its subsidiaries and associates.

The Group holds no other interest in associates.

8. INVESTMENT PROPERTIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Opening balance	**17,048**	19,105	**17,048**	19,105
Fair value adjustment	**233**	(2,057)	**233**	(2,057)
Transfer from land and buildings	**1,192**	-	**1,192**	-
Closing balance	**18,473**	17,048	**18,473**	17,048

Investment properties comprise a number of commercial properties that are leased to third parties and vacant land held for capital appreciation. Included in investment properties is Erf number 6321 (a portion of Erf number 5627), Ongwediva that is being rented to a third party under operating lease. No contingent rentals are charged.

Rental income and direct operating expenses relating to the investment properties are disclosed in note 26.

There are no contractual oligation to purchase, construct, develop, repair and maintain investment property.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of the disposal of investment property.

(a) Measurement of fair value

(i) Fair value hierarchy

The fair value of all investment properties was determined as at 30 June 2022 by an independent qualified property valuer (Gert Hamman Property Valuers CC) who has extensive experience in the Namibian property market. The fair value of the Group's investment property portfolio is provided annually by independent valuers. The fair value measurement for investment property of N$18.5 million (2021: N$17.0 million) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Opening balance	**17,048**	19,105	**17,048**	19,105
Additions and reclassification from property, plant and equipment	**1,192**	-	**1,192**	-
Gain included in 'other income'				
- Changes in fair value (unrealised)	**233**	(2,057)	**233**	(2,057)
Closing balance	**18,473**	17,048	**18,473**	17,048

8. INVESTMENT PROPERTIES (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity
Income Capitalisation Method:		**The estimated fair value would increase (decrease) if:**	
The commercial properties' fair values were based on this valuation technique which involves determining the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property.	• Capitalisation rate remain unchanged for commercial and residential properties at 11.5% (2021: 11.5%)	• Expected capitalisation rate were higher (lower);	A slight increase in the capitalisation rate used would result a significant decrease in fair value, and vice versa.
Direct Sales Comparison Method:			
This valuation technique was used in determining the fair values of the residential properties which are classified as investment property.	• Expected market rental growth: Commercial and residential properties 2-3% (2021: -2%)	• Expected market rental growth were higher (lower);	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Void periods (Commercial properties average 1 months and residential properties average 1 month after the end of each lease)	• Void periods were shorter (longer);	
	• Occupancy rate - Commercial: 100% (2021: 100%) and Residential: 85% (2021: 70%)	• The occupancy rate were higher (lower);	
	• Rent-free periods (Nil)	• Rent-free periods were shorter (longer); or	
	• Risk-adjusted discount rates: Commercial and residential properties 7-12% (2021: 5-8%)	• The risk-adjusted discount rate were lower (higher).	

Details of the properties registered in the Group and Company's name are available for inspection at the registered office of the Group.

9. INTANGIBLE ASSETS

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Computer software - purchased				
Opening carrying amount - 1 July	**29,356**	19,559	**29,356**	19,559
- At cost	**133,648**	114,900	**133,648**	114,900
- Accumulated amortisation and accumulated impairment	**(104,292)**	(95,341)	**(104,292)**	(95,341)
Additions	**637**	199	**637**	199
Transfer from property, plant and equipment (purchased software)	**2,305**	18,549	**2,305**	18,549
Amortisation	**(12,160)**	(8,951)	**(12,160)**	(8,951)
Closing carrying amount - 30 June	**20,138**	29,356	**20,138**	29,356
- At cost	**136,590**	133,648	**136,590**	133,648
- Accumulated amortisation and accumulated impairment	**(116,452)**	(104,292)	**(116,452)**	(104,292)

No intangible assets were acquired by way of a government grant.
No intangible assets were pledged as securities for liabilities.
No intangible assets were impaired.

Included in the carrying amount of computer software at 30 June 2022 is an amount of N$1.8 million related to the upgrade of the Powercloud with a remaining amortisation period of 5 years.

10. LOANS RECEIVABLE

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Employee loans	**2,842**	2,707	**2,842**	2,707
Loan to the Alten Solar Power (Hardap) Pty Ltd	**17,559**	16,109	**17,559**	16,109
- Expected credit losses	**(41)**	(649)	**(41)**	(649)
	20,360	18,167	**20,360**	18,167

The fair value amount of the loans receivable for Alten Solar Power (Hardap) Pty Ltd amount to N$15.9 million (2021: N$15.0 million).

The fair value was based on a rate of 14.5% for the Alten Solar Power (Hardap) Pty Ltd.

Employee loans comprise of:

Employee study loans.

Employee study loans are interest free and repayable over the duration of the study period.

Employee study loans were not fair valued as the amount is considered to be insignificant.

Loan to the Alten Solar Power (Hardap) Pty Ltd

The Company appoved a loan to Alten Solar Power (Pty) Ltd amounting to N$9.8 million for the construction of the transmission connection facilities for 37MW Solar Photovoltaic Power Plant. Interest on the loan is charged at 16% p.a. compounded daily. The interest is capitalised monthly with one final loan capital and interest repayment at maturity on 31 December 2043.

The Group's exposure to credit, currency and interest rate risks related to loans receivable is disclosed in note 29.

11. INVESTMENTS

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
		*Restated	*Restated		*Restated	*Restated
Non-current investments	**2,373,659**	1,587,554	1,773,153	**2,373,659**	1,587,554	1,773,153
Debt instruments and fixed deposits at amortised cost	**2,229,022**	1,417,483	1,644,287	**2,229,022**	1,417,483	1,644,287
- Expected credit losses	**(3,567)**	(2,705)	(44,364)	**(3,567)**	(2,705)	(44,364)
Inflation linked bonds: FVTOCI - designated	**90,670**	128,244	124,218	**90,670**	128,244	124,218
- Expected credit losses	**(237)**	(333)	-	**(237)**	(333)	-
Investment in unlisted equities: FVTOCI - designated	**57,771**	44,865	49,012	**57,771**	44,865	49,012
Erongored (Pty) Ltd	**29,202**	26,678	31,704	**29,202**	26,678	31,704
Alten Solar Power (Hardap) Pty Ltd	**28,569**	18,187	17,308	**28,569**	18,187	17,308
Current investments	**5,340,527**	7,370,908	7,482,539	**5,340,527**	7,370,908	7,482,539
FVTOCI - designated						
- Listed equity: Sanlam shares	**1,335**	1,550	1,488	**1,335**	1,550	1,488
- Inflation linked bonds: FVTOCI - designated	**44,908**	-	-	**44,908**	-	-
- Expected credit losses	**(38)**	-	-	**(38)**	-	-
Financial assets mandatorily measured at FVTPL						
- collective investment schemes	**2,083,683**	2,305,085	2,142,115	**2,083,683**	2,305,085	2,142,115
- Money market funds	**1,915,834**	2,054,462	1,535,387	**1,915,834**	2,054,462	1,535,387
Debt instruments, fixed deposits and treasury bills at amortised cost	**1,296,637**	3,013,127	3,829,190	**1,296,637**	3,013,127	3,829,190
- Expected credit losses	**(1,832)**	(3,316)	(25,641)	**(1,832)**	(3,316)	(25,641)
Total investments	**7,714,186**	8,958,462	9,255,692	**7,714,186**	8,958,462	9,255,692

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

11. INVESTMENTS (continued)

The fair value amount of the debt instruments measured at amortised cost approximate N$1.7 billion (2021: N$1.6 billion).

The fair value amount of the fixed deposits measured at amortised cost approximate N$1.8 billion (2021: N$2.4 billion).

The fair value amount of the treasury bills measured at amortised cost approximate N$98.4 million (2021: N$515.8 million).

The Group elected to classify irrevocably its listed and unlisted equity investments as measured at FVTOCI as it intends to hold these investments for long-term strategic reasons. Dividends of Nil (2021: N$811 thousand) were received from these unlisted investments for the period under review.

The current and non-current investments split were determined based on the underlying maturity dates.

(i) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	EQUITY INVESTMENTS – UNLISTED INVESTMENTS
Balance at 1 July 2021	**44,865**
Total gains or losses:	
– In other comprehensive income	12,906
Balance at 30 June 2022	**57,771**

There were no disposals for the year under review.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of unlisted equity instruments, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	Projected revenues and expenses.	A significant increase in the revenues would result in a significant increase in fair value, and vice versa. A significant increase in the expenses would result in a significant decrease in fair value, and vice versa.
	Cost of equity determined using a Capital Asset Pricing Model.	The higher the cost of equity, the lower the fair value and vice versa.
	Small stock premium used to adjust the cost of equity.	The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa.
	Specific risk premium used to adjust the cost of equity.	The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

Sensitivity analysis

The sensitivity of the unlisted investments to an increase or decrease in the principal assumptions are:

	CONSOLIDATED AND COMPANY			
	2022		2021	
	Increase	Decrease	Increase	Decrease
	N$'000	N$'000	N$'000	N$'000
Erongored (Pty) Ltd:				
1% change in discount rate	**27,632**	30,962	**25,573**	27,889
1% change in growth rate	**30,049**	28,444	**27,156**	26,242
Alten Solar Power (Hardap) Pty Ltd:				
1% change in cost of equity	**26,535**	30,869	**16,946**	19,589

Investments at amortised cost of Nil (2021: N$77.7 million) have been encumbered and act as security for long-term loans (refer note 17.1.1).

The Group's exposure to credit, currency and interest rate risks related to investments is disclosed in note 29.

12. INVENTORIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Maintenance spares and consumables	**25,574**	24,592	**25,574**	24,592
Fuel and coal	**60,489**	89,654	**60,489**	89,654
	86,063	114,246	**86,063**	114,246

No inventory was pledged as security.
There are no items of inventory that are stated at net realisable value.
Inventory amounting to N$7.2 million (2021: N$5.3 million) was recognised in administrative expenses in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
		*Restated	*Restated		*Restated	*Restated
Financial instruments:						
Trade receivables at amortised cost	**1,275,454**	892,590	1,382,758	**1,275,454**	892,590	1,382,758
- Gross receivables	**1,984,397**	1,567,819	2,120,407	**1,984,397**	1,567,819	2,120,407
- Expected credit losses	**(708,943)**	(675,229)	(737,649)	**(708,943)**	(675,229)	(737,649)
Non-financial instruments:						
Prepayments	**271,857**	183,952	39,939	**271,857**	183,952	39,939
Project and other advances	**1,004**	437	749	**1,004**	437	749
Other receivables *	**33,591**	12,320	31,534	**33,591**	12,320	31,534
Total trade and other receivables	**1,581,906**	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980

13.1 Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	**1,275,454**	892,590	1,382,758	**1,275,454**	892,590	1,382,758
Non-financial instruments	**306,452**	196,709	72,222	**306,452**	196,709	72,222
	1,581,906	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

Expected credit losses (ECL) of N$34.1 million raised (2021: N$61.5 million - reversed) in respect of trade receivables were recognised in profit or loss.

The carrying amount of the trade receivables disclosed above approximates its fair value due to its short-term nature. In addition, the carrying amounts do not include a significant financing component.

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 29.

Related party receivables

Included in trade and other receivables are amounts due from related parties for Group and Company. These have been disclosed in note 27. The average credit period on sales of supply is 90 days. Namibian Prime Interest rate is charged on outstanding trade receivables that are more than 30 days past due.

The Group has well-established credit control procedures that monitors activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of a notice of disconnection of supply and letters of demand. Non-payment can result in disconnection of supply and the customer's account being closed.

The following collection strategies are currently in operation with varying levels of success:

- Contacting of customers
- Disconnections
- Use of debt collectors
- Payment arrangements
- Automated notices and letters of demand

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the group policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived.

Customers are grouped in different categories namely Category A to E according to their size of demand, geographic location of the customer (cross borders), characteristics and types. The categorisation of customers are based on the generic or unique individual contracts of supply as follows:

- Category A customers (electricity transmission): these are time of use customers located within the Namibian borders which are connected to the Group transmission system, and includes redistributors, commercial, industrial and mining customers.
- Category B customers (electricity cross borders): these are customers located outside the Namibian borders that are connected to the NamPower transmission system.
- Category C customers (electricity distribution): comprise of customers within Namibian borders other than category A, B, D and E, these customers include commercial, industrial, farms and plots outside town boundaries where there are no regional electricity distributors.
- Category D customers (electricity distribution Government departments/ agents): comprise of Ministries, offices and agencies of the Government of the Republic of Namibia, Village Councils and Regional Councils within Namibia and outside town boundaries where there are no regional electricity distributors.

Payment terms of the above customers are between 20 and 30 days from date of invoice.

Category A to D customers i.e electricity customers and tenants of the group properties are required to provide security equivalent to between one and three months' consumption before any supply of service is made available on signing of the agreement.

- Category E customers (other receivables): these are customers for services other than electricity and include employees, tenants of the group properties and customers of the other related electricity services. No security is held in respect of these balances except for tenants of the group properties and no interest has been charged on overdue balances.

The provision matrix was applied to Category A and the loss rate approach was applied to Category B, Category C and Category D customers. The loss rates are calibrated based on historical loss experiences, considering the time value of money and further adjusted for forward looking information, achieved through the analysis of macroeconomic factors relevant to the debtors through statistical regression analysis.

13. TRADE AND OTHER RECEIVABLES (continued)

The following macro-economic factors were used as independent variables for the regression analysis:

- Gross Domestic Product Annual Growth Rate;
- Prime lending interest rate and
- Inflation rate (CPI)

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Certain regional and local authorities and government agencies continued to fall into arrears during the course of the financial year. The timely collection of revenue from these customers remain a challenge.

These customers debts are monitored on a regular basis and receive ongoing management attention. Interventions pursued included entering into repayment arrangements and approaching relevant stakeholders to assist with resolving the growing debt.

Category E customers are assessed individually and expected credit loss based on the individual customer history.

30 June 2022	**Impairment Analysis: Trade receivables – days past due** Not past due	30 days past due	60 days past due	90 days past due	Total
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	1.76%	7.55%	15.00%	90.10%	
Net carrying amount at default [2]	374,843	99,967	83,908	269,600	828,318
Loss allowance	6,605	7,543	12,586	242,901	269,635
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	69.72%	69.72%	69.72%	69.72%	
Net carrying amount at default [2]	24,546	21,644	22,103	418,651	486,944
Loss allowance	17,114	15,092	15,411	291,903	339,520
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	26.36%	26.36%	26.36%	26.36%	
Net carrying amount at default [2]	12,669	2,264	494	4,755	20,182
Loss allowance	3,340	597	130	1,253	5,320
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	65.51%	65.51%	65.51%	65.51%	
Net carrying amount at default [2]	22,463	6,225	4,481	95,282	128,451
Loss allowance	14,716	4,078	2,935	62,420	84,149
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	0.83%	81.07%	99.44%	5.51%	
Net carrying amount at default [2]	63,111	515	444	162,116	226,186
Loss allowance	526	418	442	8,933	10,319
Total loss allowance	**42,301**	**27,728**	**31,504**	**607,410**	**708,943**

[1] For category B, C, and D customers we noted high loss rates for current balances but based on management's assessment it is still appropriate to recognise revenue. It is still probable that the Group will collect the consideration.

[2] The Net carrying amount at default balance is the Trade Receivables Balance minus the corresponding Value Added Tax "VAT", the sum of the security deposits (cash and adjusted bank guarantees) and debtors with credit balances.

13. TRADE AND OTHER RECEIVABLES (continued)

	Impairment Analysis: Trade receivables – days past due				
30 June 2021	**Not past due**	**30 days past due**	**60 days past due**	**90 days past due**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	1.93%	6.60%	14.42%	91.08%	
Gross carrying amount at default	526,225	67,823	19,367	214,512	827,927
Loss allowance	10,164	4,477	2,792	195,383	212,816
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	55.55%	84.49%	95.47%	98.10%	
Gross carrying amount at default	27,615	19,048	16,890	303,527	367,080
Loss allowance	15,341	16,093	16,124	297,751	345,309
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	73.03%	73.03%	n/a	73.03%	
Gross carrying amount at default	25,348	2,147	-	7,805	35,300
Loss allowance	18,511	1,567	-	5,700	25,778
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	58.18%	58.18%	58.18%	58.18%	
Gross carrying amount at default	34,058	7,426	1,119	106,293	148,896
Loss allowance	19,815	4,321	651	61,841	86,628
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	1.52%	100%	100%	2.30%	
Gross carrying amount at default	46,259	28	1,197	120,381	167,865
Loss allowance	705	28	1,197	2,768	4,698
Total loss allowance	**64,536**	**26,486**	**20,764**	**563,443**	**675,229**

The loss allowance for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	CATEGORY A	CATEGORY B	CATEGORY C	CATEGORY D	CATEGORY E	TOTAL
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Reconciliation of movements in allowance for impairment						
Opening loss allowance as at 01 July 2020	**356,629**	**257,250**	**38,803**	**80,186**	**4,781**	**737,649**
(Decrease)/increase in loss allowance recognised in profit loss during the year	(143,813)	88,059	(12,381)	6,442	1,060	(60,633)
Receivables written off during the year as uncollectible	-	-	(644)	-	(1,143)	(1,787)
Opening loss allowance as at 01 July 2021	**212,816**	**345,309**	**25,778**	**86,628**	**4,698**	**675,229**
Increase/(decrease) in loss allowance recognised in profit loss during the year	56,819	(5,789)	(20,265)	(2,479)	5,836	34,122
Receivables written off during the year as uncollectible	-	-	(192)	-	(216)	(408)
Closing loss allowance as at 30 June 2022	**269,635**	**339,520**	**5,321**	**84,149**	**10,318**	**708,943**

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000 * Restated	N$'000 * Restated	N$'000	N$'000 * Restated	N$'000 * Restated
Cash and cash equivalents consist of:						
Cash on hand	**62**	76	80	**62**	76	80
Call account - Long run marginal cost[1]	**309,849**	495,483	641,487	**309,849**	495,483	641,487
Bank balances	**831,083**	651,529	619,504	**831,083**	651,529	619,504
Short term deposits[2]	**617,294**	632,074	114,664	**617,294**	632,074	114,664
	1,758,288	1,779,162	1,375,735	**1,758,288**	1,779,162	1,375,735

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
[1] The Long run marginal cost (LRMC) call account is restricted and may only be utilised with the approval of the Electricity Control Board (ECB). These funds are generally classified as available for use within the Group.
[2] Deposits at notice include call accounts. There are no restrictions on the funds which are managed according to the Group's investment policy statement.
The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 29.
The carrying amounts of cash and cash equivalents approximate its fair values, due to its liquid and short-term nature.

15. TAXATION

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Namibian company tax				
Current taxation	-	229,403	-	229,403
Current taxation - prior period adjustment	-	(377)	-	(377)
Deferred taxation	**(590,188)**	208,487	**(590,188)**	208,487
Taxation recognised in profit or loss	**(590,188)**	437,513	**(590,188)**	437,513
Taxation recognised in other comprehensive income	**1,882,730**	3,338,080	**1,882,730**	3,338,080
Total taxation	**1,292,542**	3,775,593	**1,292,542**	3,775,593
Tax rate reconciliation	**%**	%	**%**	%
Standard Tax Rate	**32.00**	32.00	**32.00**	32.00
Adjusted for:				
Social Responsibility	**(0.14)**	0.29	**(0.14)**	0.29
Donations	-	0.01	-	0.01
Other Items not deductible for tax purposes				
Legal fees not allowed for tax purposes	**(0.01)**	0.01	**(0.01)**	0.01
Dividends received	-	(0.02)	-	(0.02)
Short term insurance	**(0.05)**	0.06	**(0.05)**	0.06
Government grant	**0.79**	(1.17)	**0.79**	(1.17)
Capital contributions by customers	**1.79**	(1.20)	**1.79**	(1.20)
Deferred tax on assets with no tax values	**(1.86)**	1.18	**(1.86)**	1.18
Fair value adjustment on Investment property	-	0.04	-	0.04
Manufacturing deduction	-	(3.69)	-	(3.69)
Gains & losses on non-current financial instruments	**0.04**	(0.42)	**0.04**	(0.42)
Donated assets - Eskom	**(0.02)**	-	**(0.02)**	-
Prior year charge	-	(0.02)	-	(0.02)
Effective tax rate	**32.54**	27.07	**32.54**	27.07

	CONSOLIDATED			COMPANY		
2022	**Before tax**	**Tax expense (benefit)**	**Net of tax**	**Before tax**	**Tax expense (benefit)**	**Net of tax**
Remeasurements of employee benefit provisions	**(29,965)**	**9,589**	**(20,376)**	**(29,965)**	**9,589**	**(20,376)**
Share of other comprehensive income of associates	**(204,773)**	**-**	**(204,773)**	**-**	**-**	**-**
Valuation of listed equity instruments	**215**	**-**	**215**	**215**	**-**	**215**
Valuation of debt-instruments	**(10,607)**	**-**	**(10,607)**	**(10,607)**	**-**	**(10,607)**
Valuation of unlisted equity instruments	**(12,906)**	**-**	**(12,906)**	**(12,906)**	**-**	**(12,906)**
Revaluation of property, plant and equipment	**(5,779,581)**	**1,849,466**	**(3,930,115)**	**(5,779,581)**	**1,849,466**	**(3,930,115)**
Revaluation of strategic inventory	**(73,985)**	**23,675**	**(50,310)**	**(73,985)**	**23,675**	**(50,310)**
	(6,111,603)	**1,882,730**	**(4,228,873)**	**(5,906,829)**	**1,882,730**	**(4,024,099)**

2021						
Remeasurements of employee benefit provisions	12,055	(3,858)	8,197	12,055	(3,858)	8,197
Share of other comprehensive income of associates	439	-	439	-	-	-
Valuation of listed equity instruments	(61)	-	(61)	(61)	-	(61)
Valuation of debt-instruments	(5,584)	-	(5,584)	(5,584)	-	(5,584)
Valuation of unlisted equity instruments	4,147	-	4,147	4,147	-	4,147
Revaluation of property, plant and equipment	(10,477,669)	3,352,854	(7,124,815)	(10,477,669)	3,352,854	(7,124,815)
Revaluation of land	4,796	-	4,796	4,796	-	4,796
Revaluation of strategic inventory	34,114	(10,916)	23,198	34,114	(10,916)	23,198
	(10,427,763)	3,338,080	(7,089,683)	(10,428,202)	3,338,080	(7,090,122)

16. SHARE CAPITAL AND RESERVES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
16.1 Authorised				
365 000 000 ordinary shares at N$1	**365,000**	365,000	**365,000**	365,000
16.2 Issued and fully paid share capital				
165 000 000 (2021: 165 000 000) ordinary shares at N$1	**165,000**	165,000	**165,000**	165,000
The unissued share capital is under the control of the Government of the Republic of Namibia, represented by the Ministry of Mines and Energy, as the sole shareholder.				
16.3 Share Premium				
Share premium arising on shares issued	**900,000**	900,000	**900,000**	900,000

100 000 000 Ordinary shares of N$1 each and share premium of N$9.

(2021: 100 000 000 Ordinary shares of N$1 each and share premium of N$9.)

Holders of the ordinary shares are entitled to dividends whenever dividends to ordinary shareholders are declared and are entitled to one vote per share at general meetings of the Company.

16.4 Reserve Fund

The reserve fund is utilised to fund costs associated with potential energy crises. There are no restrictions on the distribution of the balance to the shareholders.

16.5 Development Fund

The development fund is utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks. There are no restrictions on the distribution of the balance to the shareholders.

16.6 Capital Revaluation Reserve

The revaluation reserve relates to the increments and decrements on the revaluation of property, plant and equipment. There are no restrictions on the distribution of the balance to the shareholders.

16.7 Strategic Inventory Revaluation Reserve

The revaluation reserve relates to the revaluation of strategic inventory items. The revaluation is performed in line with the Group's property, plant and equipment policy. There are no restrictions on the distribution of the balance to the shareholders.

16.8 Investment Valuation Reserve

The reserve consists of all fair value movements relating to financial instruments classified as listed and unlisted equity.

The fair value adjustment relates to 25 249 shares held in Sanlam Ltd, 57 shares held in Alten Solar Power (Hardap) Pty Ltd and 1 267 500 shares held in Erongored (Pty) Ltd.

There are no restrictions on the distribution of the balance to the shareholders.

17. INTEREST BEARING LOANS AND BORROWINGS (Consolidated and Company)

Terms and conditions of outstanding loans were as follows:
17.1 Interest bearing borrowings

	Currency	Coupon interest rate	Effective interest rate	Year of maturity	30 June 2022 Carrying amount N$'000	30 June 2022 Face value N$'000	30 June 2021 Carrying amount N$'000	30 June 2021 Face value N$'000
17.1.1 Development Bank of Southern Africa [2]	ZAR	9.82%	9.82%	2022	-	-	81,959	80,000
17.1.2 European Investment Bank - loan II [1]	GBP	3.00%	7.62%	2021	-	-	39,195	24,939
17.1.3 Development Bank of Namibia [3]	NAD	Prime less 4.5%	Prime less 4.5%	2024	**12,878**	**12,878**	16,738	16,738
17.1.4 European Investment Bank - loan III [3]	ZAR	9.26%	9.26%	2029	**169,340**	**164,887**	191,919	186,872
17.1.5 Agence Francaise de Development II [3]	ZAR	6.10%	6.10%	2027	**124,560**	**121,324**	147,207	143,382
17.1.6 KFW Bankengruppe II [3]	ZAR	6.98%	6.98%	2021	-	-	19,412	19,024
17.1.7 KFW Bankengruppe III [3]	ZAR	8.26%	8.26%	2027	**223,735**	**218,414**	264,344	258,126
					530,513	**517,503**	760,774	729,081
Less: Instalments payable within one year transferred to current liabilities					**523,721**	**510,711**	244,610	213,557
					6,792	**6,792**	516,164	515,524

[1] The loans are guaranteed by the Government of the Republic of Namibia.
[2] The loan is secured by a pledge of investments (zero coupon bonds) with a carrying value of Nil (2021: N$77.7 million) excluding accrued interest and a nominal value of N$80 million.
The zero coupon bond is issued at 10.52% (NACS) with a maturity value of ZAR 80 million on 15 October 2021.
[3] The loans are unsecured.
Refer to note 29.1 (classification of financial instrument classes into IFRS 9 categories).
The Group's exposure to liquidity and currency risks related to interest bearing loans and borrowings is disclosed in note 29.

Defaults and Breaches

Loan covenants prescribe for certain key financial ratios to be met. The Company reported a Debt Service Coverage Ratio (DSCR) of [1.01/1.16x], and thus did not fulfil the minimum DSCR of 1.3x as per the Covenants.

Due to this breach of the covenant clause, the lenders are entitled to request for immediate repayment of the outstanding loan amount of N$517.6 million or consider a waiver. The lenders had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management has negotiated a waiver with the Lenders for the loan condition not to trigger an Event of Default and for the current loan conditions to remain unchanged.

The outstanding balance is presented as a current liability as of 30 June 2022.

18. DEFERRED REVENUE LIABILITIES

		CONSOLIDATED		COMPANY	
	NOTE	2022	2021	2022	2021
		N$'000	N$'000	N$'000	N$'000
Non-current liability					
Deferred revenue government grant: generation assets	18.1	**161,567**	170,431	**161,567**	170,431
Deferred revenue: Capital contributions received	18.3	**254,965**	202,963	**254,965**	202,963
Interest rate subsidy - EIB Loan III	18.2	**7,581**	9,997	**7,581**	9,997
Transfers of assets from customers	18.4	**674,451**	725,513	**674,451**	725,513
		1,098,564	1,108,904	**1,098,564**	1,108,904
Current liability					
Interest rate subsidy - EIB Loan III	18.2	**2,416**	2,749	**2,416**	2,749
Deferred revenue government grant: generation assets	18.1	**6,857**	6,857	**6,857**	6,857
Deferred revenue: Long-run marginal cost	18.5	**309,849**	495,483	**309,849**	495,483
Deferred revenue: Capital contributions received	18.3	**31,055**	56,084	**31,055**	56,084
Deferred revenue: Omburu PV	18.6	**328,542**	174,989	**328,542**	174,989
		678,719	736,162	**678,719**	736,162

18.1 Deferred revenue - government grants
18.1.1 Government grant - generation assets

Reconciliation of deferred revenue - government grant

Opening balance	**177,288**	186,152	**177,288**	186,152
Recognised in profit or loss	**(8,864)**	(8,864)	**(8,864)**	(8,864)
Closing balance	**168,424**	177,288	**168,424**	177,288

The grant of N$250.0 million was received to subsidise the construction of Anixas Powerstation, the 22.5 megawatt (MW) emergency power plant at Walvis Bay to serve as a back-up energy supply to prevent power black outs that may be experienced during peak hours. Of this grant N$8.9 million (2021: N$8.9 million) was recognised as income during the current year while the N$168.4 million (2021: N$177.3 million) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

The Group will continue to operate and maintain the Anixas Powerstation.

18.2 Interest rate subsidy - EIB Loan III

Reconciliation of deferred revenue - Interest rate subsidy

Opening balance	**12,746**	15,828	**12,746**	15,828
Recognised in profit or loss	**(2,749)**	(3,082)	**(2,749)**	(3,082)
Closing balance	**9,997**	12,746	**9,997**	12,746

An interest rate subsidy of N$65.9 million was received during the financial year ended 30 June 2010. EU-Africa Infrastructure Trust Fund ("ITF") approved, inter alia, the provision of an interest rate subsidy for an amount of €5 million (five million euros), equivalent to N$65.9 million to enable EIB to make available finance to NamPower at reduced interest rates. The parties have agreed that the interest rate subsidy be applied upfront in order to reduce the interest payable. Of this grant N$2.7 million (2021: N$3.1 million) was recognised as income during the current year whilst the remaining N$10.0 million (2021: N$12.7 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18. DEFERRED REVENUE LIABILITIES (continued)

18.3 Deferred revenue: Capital contributions received

Reconciliation of deferred revenue - Capital contributions received

Capital contributions received include upfront payments received from Transmission customers for the construction of assets. The credit for the upfront capital contribution is initially recognised in deferred revenue, once the construction of the asset is complete, the deferred revenue is recognised in revenue in accordance with IFRS 15 over the period of the Power Supply Agreement (PSA) or the useful life of the asset whichever is shorter.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Opening balance	**259,047**	283,046	**259,047**	283,046
Additions in the current period	**119,845**	34,977	**119,845**	34,977
Recognised in profit or loss	**(92,872)**	(58,976)	**(92,872)**	(58,976)
Closing balance	**286,020**	259,047	**286,020**	259,047
Current	**31,055**	56,084	**31,055**	56,084
Non-current	**254,965**	202,963	**254,965**	202,963
	286,020	259,047	**286,020**	259,047

The Group expects that 11% (N$31.1 million) of the unsatisfied performance obligations as of 30 June 2022 will be recognised as revenue during the next reporting period. The remaining 89% (N$255 million) will be recognised in the financial periods from 2023 onwards.

18.4 Transfers of assets from customers

The transfers of assets from customers comprise of assets constructed by customer and transferred to the group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system.

Opening balance	**725,513**	708,280	**725,513**	708,280
Payments received	**45,679**	69,376	**45,679**	69,376
Transfers to capital contributions	**(87,460)**	-	**(87,460)**	-
Project costs incurred	**(9,280)**	(52,143)	**(9,280)**	(52,143)
Closing balance	**674,451**	725,513	**674,451**	725,513

The Group expects that 19% (N$129.8 million) of the unsatisfied performance obligations as of 30 June 2022 will be recognised as transfers of assets from customers during the next reporting period. The remaining 81% (N$544.7 million) will be recognised in the financial periods from 2023 onwards.

18.5 Deferred revenue: Long-run marginal cost

In 2013, the Electricity Control Board introduced the long-run marginal cost (LRMC) levy to create a reserve for use in avoiding significant future price shocks to the Namibian consumer. In line with the directives of the Regulator, the Electricity Control Board, the LRMC levy is ring-fenced within the Company and invested in a separate interest bearing account effective 1 July 2018. These funds can only be utilised with the specific approval of the Regulator. The year under review included N$50.0 million (2021: Nil) of the LRMC utilised as fuel cost subsidy for the Van Eck and Anixas Powerstations in respect of the 2021 financial year.

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Opening balance	**495,483**	641,487	**495,483**	641,487
Interest received	**21,238**	28,985	**21,238**	28,985
LRMC utilised - Van Eck and Anixas Powerstations fuel cost subsidy	**(50,000)**	-	**(50,000)**	-
LRMC utilised-Subsidy to Omburu PV	**(156,872)**	(174,989)	**(156,872)**	(174,989)
Closing balance	**309,849**	495,483	**309,849**	495,483

18.6 Deferred revenue: Omburu PV

The Group constructed a 20MW PV plant which was commissioned during the year under review. The Electricity Control Board approved an amount of N$342.0 million to be utilised from the LRMC towards the cost of the construction. The funds will be claimed as and when the Group incur the cost of construction. During the year under review, N$157.0 million (2021: N$175 million) was withdrawn from the LRMC fund with the approval of the ECB. Of these funds N$3.3 million (2021: Nill) was recognised as income during the current year while the N$328.5 million (2021: Nill) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

19. DEFERRED TAX LIABILITIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Balance at the beginning of the year	**9,912,584**	6,366,393	**9,908,917**	6,362,727
Current charge recognised in profit or loss	**(624,025)**	189,493	**(624,025)**	189,493
Current year (loss)/profit	**(624,025)**	189,493	**(624,025)**	189,493
Temporary differences	**(483,686)**	189,493	**(483,686)**	189,493
Unused tax loss	**(140,339)**	-	**(140,339)**	-
Timing differences for current period recognised through profit/loss - additions with no tax value	**33,837**	19,063	**33,837**	19,063
Prior year error	**-**	(377)	**-**	(377)
Timing differences for current period recognised through profit/loss - decrease in PPE with no corresponding decrease in tax value	**-**	(68)	**-**	(68)
Current charge recognised in other comprehensive income	**1,882,730**	3,338,080	**1,882,730**	3,338,080
Balance at end of year	**11,205,126**	9,912,584	**11,201,459**	9,908,917

The balance comprises:

Deferred tax liabilities	**11,829,966**	10,264,762	**11,826,299**	10,261,095
Deferred tax assets	**(624,840)**	(352,178)	**(624,840)**	(352,178)
Total net deferred tax liability	**11,205,126**	9,912,584	**11,201,459**	9,908,917

Deferred tax liabilities:				
Deferred tax liabilities to be recovered after more than 12 months	**11,824,028**	10,261,325	**11,820,361**	10,257,658
Deferred tax liability to be recovered within 12 months	**5,938**	3,437	**5,938**	3,437
	11,829,966	10,264,762	**11,826,299**	10,261,095
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	**(624,840)**	(352,178)	**(624,840)**	(352,178)
	(624,840)	(352,178)	**(624,840)**	(352,178)

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Property, plant and equipment	**11,530,200**	9,858,460	**11,526,533**	9,854,793
Strategic inventory	**234,201**	213,318	**234,201**	213,318
Prepayments	**5,938**	3,437	**5,938**	3,437
Inventories	**6,447**	8,970	**6,447**	8,970
Unused tax loss	**(140,339)**	-	**(140,339)**	-
Expected credit losses on investments	**(1,815)**	(2,033)	**(1,815)**	(2,033)
Severance pay liability	**(18,033)**	(21,541)	**(18,033)**	(21,541)
Fair value swaps, loans and unrealised foreign exchange losses	**53,180**	(35,178)	**53,180**	(35,178)
Retention creditors	**(26,648)**	(5,813)	**(26,648)**	(5,813)
Post retirement medical benefit	**(70,748)**	(72,526)	**(70,748)**	(72,526)
Power purchase and power sales agreement- embedded derivative	**(141,554)**	180,577	**(141,554)**	180,577
Provisions and advance payments	**(63,530)**	(59,863)	**(63,530)**	(59,863)
Trade receivables	**(162,173)**	(155,224)	**(162,173)**	(155,224)
The balance comprises:	**11,205,126**	9,912,584	**11,201,459**	9,908,917

	Property, plant and equipment	**Employee benefits**	**Embedded derivative**	**Provisions**	**Trade receivable**	**Other**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Movements - Deferred tax assets							
At 1 July 2020	-	**(63,706)**	**(253,395)**	**(76,339)**	**(172,373)**	**(27,082)**	**(592,895)**
(Charged)/credited							
- to profit or loss	-	-	253,395	16,476	17,149	(15,942)	271,078
- to other comprehensive income	-	(30,361)	-	-	-	-	(30,361)
At 1 July 2021	-	**(94,067)**	-	**(59,863)**	**(155,224)**	**(43,024)**	**(352,178)**
(Charged)/credited							
- to profit or loss	-	-	-	(3,667)	(6,949)	(267,332)	(277,947)
- to other comprehensive income	-	5,286	-	-	-	-	5,286
At 30 June 2022	-	**(88,781)**	-	**(63,530)**	**(162,173)**	**(310,356)**	**(624,840)**
Movements - Deferred tax liabilities							
At 1 July 2020	**6,882,616**	-	-	-	-	**73,006**	**6,955,622**
(Charged)/credited							
- to profit or loss	-	-	180,577	-	-	(60,599)	119,978
- to other comprehensive income	3,185,495	-	-	-	-	-	3,185,495
At 1 July 2021	**10,068,111**	-	**180,577**	-	-	**12,407**	**10,261,095**
(Charged)/credited							
- to profit or loss	-	-	-	-	-	106,781	106,781
- to other comprehensive income	1,458,422	-	-	-	-	-	1,458,422
At 30 June 2022	**11,526,533**	-	**180,577**	-	-	**119,189**	**11,826,299**

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000 *Restated	N$'000 *Restated	N$'000	N$'000 *Restated	N$'000 *Restated
Financial instruments:						
Trade payables	**1,083,228**	957,438	871,133	**1,083,236**	957,446	871,141
Value Added Tax	**12,512**	42,066	71,467	**12,512**	42,066	71,467
Retention creditors	**2,505**	556	2,231	**2,505**	556	2,231
Non-financial instruments:						
Leave and bonus accruals	**158,159**	165,851	154,642	**158,159**	165,851	154,642
Total trade and other payables	**1,256,404**	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481

20.1 Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	**1,098,245**	1,000,060	944,831	**1,098,253**	1,000,068	944,839
Non-financial instruments	**158,159**	165,851	154,642	**158,159**	165,851	154,642
	1,256,404	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
The Group's exposure to liquidity and currency risks related to trade and other payables are disclosed in note 29.
The carrying amounts of trade and other payables approximate its fair values, due to their short-term nature.

20.2 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The values at 30 June 2022 for leave accruals were N$138.1 million (2021: N$144.6 million) and bonus accruals were N$20.1 million (2021: N$21.2 million) and were determined by reference to the leave days accrued and proportionate annual bonus accrual. The bonus accrual is expected to be utilised within the following financial year.

20.3 Related party payables

Trade and other payables due to related parties have been disclosed in note 27.

20.4 Retention creditors

Non-Current	**80,772**	17,610	**80,772**	17,610
Current (included in trade payables)	**2,505**	556	**2,505**	556
	83,277	18,166	**83,277**	18,166

This represents retentions held by the Company in respect of defect clauses in contracts with suppliers.

21. DERIVATIVES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
21.1 Derivative asset				
Forward exchange contract assets	**51,139**	1,061	**51,139**	1,061
Interest rate and cross currency swaps	**-**	5,781	**-**	5,781
Valuation firm commitments	**-**	160	**-**	160
Current: Embedded derivative - Power Purchase Agreement (PPA)	**-**	564,304	**-**	564,304
	51,139	571,306	**51,139**	571,306
21.2 Derivative liabilities				
Valuation firm commitments	**527**	-	**527**	-
Current: Embedded derivative - Power Purchase Agreement (PPA)	**442,356**	-	**442,356**	-
	442,883	-	**442,883**	-

The Group hedges its risk to interest rate and currency risks in terms of the foreign loans by entering into interest rate and cross currency swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The swap agreements have been entered into with Standard Bank Limited. The cross currency swaps are denominated in NAD, EUR and GBP.

The swap agreements have termination days ranging from 20 June 2018 to 15 September 2022. Refer to note 17 for the hedged loan repayment dates.

The electricity purchase price in terms of the Power Purchase Agreement (PPA) with ZESCO is linked to the movements of the US Dollar currency and the US Producer Price Index. The variables above give rise to foreign currency and inflation-linked embedded derivatives.

Valuation

The fair value of embedded derivatives is determined by using a forward electricity price curve.

Valuation assumptions

The contracted electricity price used to value embedded derivatives is based on a combination of factors in the table below over the contracted period. Forecast sales volumes are based on the most likely future sales volumes which have been back-tested against historic volumes.

The fair value of embedded derivatives takes into account the inherent uncertainty relating to the future cash flows of embedded derivatives, such as liquidity, model risk and other economic factors.

21. DERIVATIVES (continued)

The following valuation assumptions for the future electricity price curve discussed above for the valuation of embedded derivatives were used and are regarded as the best estimates by the board:

		YEAR ENDED 30 JUNE 2022				
Input	**Unit**	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**	**30-Jun-26**	**30-Jun-27**
US CPI	% YOY	2.82 %	2.53 %	2.48 %	2.34 %	2.26 %
US PPI - ZESCO 100MW	% YOY	3.30 %	2.42 %	2.38 %	2.25 %	2.17 %
US PPI - ZESCO 80MW	% YOY	3.14 %	2.39 %	2.35 %	2.22 %	2.14 %
USD:ZAR	rate	16.925	17.795	18.889	19.967	21.265
US Interest Rate	%	3.05 %	3.03 %	2.89 %	2.83 %	2.81 %
SA Interest Rate	%	6.70 %	7.39 %	7.73 %	7.93 %	8.11 %

22. EMPLOYEE BENEFIT PROVISIONS

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Post retirement medical benefits	**221,089**	226,644	**221,089**	226,644
Severance pay liability	**56,352**	67,316	**56,352**	67,316
	277,441	293,960	**277,441**	293,960

22.1 Post Retirement Medical Benefits

22.1.1 Actuarial assumptions

The Group makes contributions to two defined benefit plans that provide medical benefits for current employees. The Group makes contributions to three defined benefit plans that provide medical benefits for pensioners. The benefit plans are provided by Namibia Medical Care (NMC), which is administered by Methealth Namibia Administrators.

In terms of the conditions of employment for employees appointed before 1 August 2004, the post retirement medical benefits is an arrangement where the Group subsidises either a proportion or the full amount of the medical aid scheme contributions under Namibia Medical Care ("NMC") of qualifying retired employees and their eligible dependants. Such individuals are referred to as medical scheme continuation members and include members who have continued membership after retirement or the death in service of the principal member.

Responsibility for governance of the defined benefit plans lies with the Group.

The present value of the provision at 30 June 2022, as determined by an actuarial valuation, was N$221.1 million (2021: N$226.6 million). This actuarial valuation was performed by ZAQ Consultants and Actuaries Namibia. The defined benefit obligation was calculated using the projected unit credit method. Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the current service cost. The liability is expected to be settled over 15 years.

The defined medical benefit liability is unfunded. No dedicated assets had been set aside to meet this liability.

The Group expects to pay N$157.9 million (2021: N$143.4 million) in contributions to the defined benefit plans in 2023.

Membership Data

The table below provides a summary of details for the members.

	CONSOLIDATED 2022	CONSOLIDATED 2021	COMPANY 2022	COMPANY 2021
Current (in service) employees				
Number of active employees	**320**	337	**320**	337
Subsidy weighted average age	**54.4**	53.6	**54.4**	53.6
Subsidy weighted average past service	**27.1**	26.4	**27.1**	26.4
Average monthly subsidy payable during retirement (N$)	**4,460**	4,530	**4,460**	4,530
Average monthly subsidy payable during retirement (N$)				
Continuation members (pensioners):				
Number of continuation members	**147**	153	**147**	153
Subsidy weighted average age	**70.4**	70.3	**70.4**	70.3
Average monthly subsidy (N$)	**4,230**	4,490	**4,230**	4,490
Liability for defined benefit obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**13.09**	12.04	**13.09**	12.04
Medical cost trend rate (%)	**10.09**	9.14	**10.09**	9.14
Consumer price inflation (%)	**8.59**	7.64	**8.59**	7.64
Net effective discount rate	**2.73**	2.66	**2.73**	2.66

Discount Rate

The nominal and real zero yield curves as at 30 June 2022, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in the Republic of Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used to value the liabilities was calculated to be 15.3 (2021: 15.2) years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) medical aid inflation for the relevant duration.

22. EMPLOYEE BENEFIT PROVISIONS (continued)

Medical Aid Inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the liability. The assumed rate of medical aid inflation was set as the calculated value of CPI plus 1.5%.

Namibia has experienced high healthcare cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical schemes contribution inflation outstripped general CPI by almost 3% year on year. The Group does not believe that these increases are sustainable and have assumed that medical aid contribution inflation would outstrip general inflation by 1.5% per annum over the foreseeable future.

Mortality Rates

Assumptions regarding future mortality have been based on published statistics and mortality tables. Mortality before retirement has been based on the SA 85-90 mortality tables and mortality post-employment has been based on the PA (90) ultimate mortality tables. These are the most commonly used tables in the industry.

The current longevities underlying the values of the defined medical benefit liability at the reporting date were as follows:

	CONSOLIDATED AND COMPANY	
	2022	**2021**
Longevity (years) at age 65		
Males	**11.2**	11.2
Females	**16.1**	16.1

Spouses and Dependants

The marital status of members who are currently married were assumed to remain the same up to retirement. It was also assumed that 90% of all single male and female employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be 5 years younger than their male spouses at retirement.

Comparison with preceding valuation

Membership changes

	30-06-2022 Valuation	30-06-2021 Valuation	% Change
Changes to in service membership as at the valuation dates:			
Number of active employees	**320**	337	-5.0%
Subsidy weighted average age	**54.40**	53.60	1.5%
Subsidy weighted average past service	**27.10**	26.44	2.5%
Average monthly subsidy payable during retirement (N$)	**4,460**	4,530	-1.5%
Changes to continuation membership (pensioners' membership) as at the valuation dates:			
Number of principal members	**147**	153	-3.9%
Subsidy weighted average age	**70.41**	70.33	0.1%
Average monthly subsidy (N$)	**4,230**	4,490	-5.8%
Changes in valuation assumptions as at the valuation dates:			
Financial variable			
Discount rate	**13.09%**	12.04%	8.8%
Consumer price inflation	**8.59%**	7.64%	12.5%
Medical aid Inflation	**10.09%**	9.14%	10.4%
Net effective discount rate	**2.73%**	2.66%	2.6%

22. EMPLOYEE BENEFIT PROVISIONS (continued)

22.1.2 Movements in the net liability for defined benefit obligations recognised in the statement of financial position

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Net liability for defined obligations as at 1 July	**226,644**	199,081	**226,644**	199,081
Interest cost	**27,266**	27,776	**27,266**	27,776
Current service costs	**4,559**	4,279	**4,559**	4,279
Benefits paid				
- Employer	**(1,001)**	(4,074)	**(1,001)**	(4,074)
- Continuation members	**(5,399)**	(2,193)	**(5,399)**	(2,193)
Remeasurements				
- Gain from economic assumptions	**(2,189)**	22,664	**(2,189)**	22,664
- (Gain)/loss from experience	**(28,790)**	(20,889)	**(28,790)**	(20,889)
Net liability for defined obligations as at 30 June	**221,089**	226,644	**221,089**	226,644

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures have changed. These changes caused the net effective discount rate to increase which resulted in a decrease in the liability.

During the year under review there have been some changes in membership data and other experience items. There has been a decrease of 5% in the number of in-service members and a increase of 4.1% in the number of continuation members. This, together with a number of changes in marital statuses of the continuation members, resulted in a decrease in the liability.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Discount Rate	**-1% discount rate**		**+1% discount rate**	
Defined benefit obligation	**252,786**	259,706	**195,045**	199,609
Service cost	**5,558**	5,495	**3,936**	3,816
Interest cost	**30,688**	28,724	**27,462**	25,937
Medical Aid Inflation	**-1% medical aid inflation**		**+1% medical aid inflation**	
Defined benefit obligation	**194,180**	198,729	**253,417**	260,339
Service cost	**3,913**	3,792	**5,576**	5,513
Interest cost	**25,398**	23,840	**33,310**	31,403
Consumer Price Inflation (CPI)	**-1% consumer price inflation**		**+1% consumer price inflation**	
Defined benefit obligation	**194,180**	198,729	**253,417**	260,339
Service cost	**3,913**	3,792	**5,576**	5,513
Interest cost	**25,398**	23,840	**33,310**	31,403
Mortality Rate	**-20% mortality rate**		**+20% mortality rate**	
Defined benefit obligation	**241,868**	248,097	**204,200**	209,237
Service cost	**5,145**	5,046	**4,256**	4,158
Interest cost	**31,713**	29,850	**26,783**	25,172

Risk Exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate

The value of the liability is directly dependent on the discount rate, as a change in discount rate will result in the liabilities being discounted more or less than the current assumed value.

Medical Aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

Consumer Price Inflation (CPI)

The value of the liability is directly dependent on the rate of CPI, as the level at which the liabilities grow are directly linked to CPI.

Mortality Rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Group. If the actual rate of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Group in the form of subsidies will reduce and vice versa.

22. EMPLOYEE BENEFIT PROVISIONS (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
The total liability for key management is given below.				
Key Management	**2,623**	2,866	**2,623**	2,866
Expected maturity analysis of the post retirement medical benefits:				
Within one year	**7,932**	8,766	**7,932**	8,766
Between 1 - 5 years	**34,966**	38,386	**34,966**	38,386
More than 5 years	**178,191**	179,492	**178,191**	179,492
Total	**221,089**	226,644	**221,089**	226,644

22.1.3 Expense recognised in profit or loss

Current service costs	**4,559**	4,279	**4,559**	4,279
Interest cost	**27,266**	27,776	**27,266**	27,776
	31,825	32,055	**31,825**	32,055

The expense is included in the administrative expenses in profit or loss.

22.2 Severance pay liability

Present value of net obligations	**56,352**	67,316	**56,352**	67,316
Present value of unfunded obligations	**56,352**	67,316	**56,352**	67,316
Recognised liability for defined benefit obligations	**56,352**	67,316	**56,352**	67,316

Severance pay liability is recognised for employees retiring on reaching the age of 65 years or die while in employment.

Severance pay is defined as follows in accordance with the Namibian Labour Act:

The employer must pay severance pay to an employee who has completed 12 months of continuous service, if the employee:

- Is retrenched;
- Dies while employed; or
- Resigns or retires on reaching the age of 65 years

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer.

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Membership data				
The table below provides a summary of details for the members.				
Current employees	**1,126**	1,210	**1,126**	1,210
Average annual salary (N$)	**601,114**	590,312	**601,114**	590,312
Salary weighted average past service (Years)	**14.20**	14.39	**14.20**	14.39

* Membership data for the year under review increased significantly to include additional employees eligible to receive death benefits.

22.2.1 Liability for severance pay obligations

The following were the principal actuarial assumptions at the reporting date:

Discount rate at 30 June (%)	**11.27**	8.22	**11.27**	8.22
Salary inflation rate at 30 June (%)	**9.00**	6.30	**9.00**	6.30
Investment return at 30 June	**11.27**	8.22	**11.27**	8.22
Net effective discount rate	**2.08**	1.81	**2.08**	1.81

Discount Rate

The nominal and real zero yield curves as at 30 June 2022, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used was calculated to be 7.38 (2021: 6.07) years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) salary inflation for the relevant duration.

Salary Inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the

liability. The assumed rate of salary inflation was set as the calculated value of CPI plus 1%.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

The current longevities underlying the values of the severance pay liability at the reporting date were as follows:

	Longevity (years) at age 65	Longevity (years) at age 65
Males	**11.20**	**15.28**
Females	**16.12**	**19.12**

22. EMPLOYEE BENEFIT PROVISIONS (continued)

The sensitivity of the severance pay obligation to changes in the weighted principal assumption are:

	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Discount Rate	**-1% discount rate**		**+1% discount rate**	
Severance pay obligation	**60,503**	72,021	**52,650**	63,126
Service cost	**2,549**	2,895	**2,128**	2,428
Interest cost	**6,279**	5,088	**6,513**	5,656
Normal Salary Inflation	**-1% normal salary inflation**		**+1% normal salary inflation**	
Severance pay obligation	**52,545**	63,016	**60,553**	72,063
Service cost	**2,122**	2,422	**2,552**	2,897
Interest cost	**5,970**	5,033	**6,897**	5,797
Mortality Rate	**-20% mortality rate**		**+20% mortality rate**	
Severance pay obligation	**53,778**	64,986	**58,827**	69,554
Service cost	**2,129**	2,458	**2,509**	2,820
Interest cost	**6,123**	5,208	**6,685**	5,576

No sensitivity analysis was peformed on the investment return. The severance pay liability is 100% unfunded. No dedicated assets had been set aside to meet this liability in the future.

Risk Exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate

The cost of the long service awards is dependent on the rate at which the future benefit payments are discounted at. This discount rate therefore has a direct effect on the level of the liabilities

Normal Salary Inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability.

Mortality Rate

Deviations from the assumed level of mortality experience of the current employees will have a large impact on the actual cost to the Group. If the actual rate of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Group will reduce and vice versa.

22.2.2 Movements in the net liability for defined benefit obligations recognised in the Group and Company statements of financial position

	CONSOLIDATED		COMPANY	
	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Net liability for defined obligations as at 1 July	**67,316**	54,702	**67,316**	54,702
Interest cost	**5,396**	4,579	**5,396**	4,579
Current service costs	**2,643**	1,657	**2,643**	1,657
Benefits paid	**(20,017)**	(3,902)	**(20,017)**	(3,902)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	**(1,200)**	4,722	**(1,200)**	4,722
- Loss/(gain) from experience	**2,214**	5,558	**2,214**	5,558
Net liability for defined obligations as at 30 June	**56,352**	67,316	**56,352**	67,316

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures changed significantly. This caused the net effective discount rate to increase. The net result was a higher net effective discount rate than expected and hence an overall decrease in the liability.

During the year under review, there were various changes in membership data. This, along with some other smaller assumption changes, resulted in a increase in liability.

Expected maturity analysis of the severance pay liability:

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Within one year	**1,270**	5,984	**1,270**	5,984
Between 1 - 5 years	**23,774**	21,112	**23,774**	21,112
More than 5 years	**31,308**	40,220	**31,308**	40,220
Total	**56,352**	67,316	**56,352**	67,316

22.2.3 Expense recognised in the Group and Company statements of comprehensive income

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Current service costs	**2,643**	1,657	**2,643**	1,657
Interest on obligation	**5,396**	4,579	**5,396**	4,579
	8,039	6,236	**8,039**	6,236

The expense is included in the administrative expenses in profit or loss.

22.3 Actuarial (gain)/loss recognised in other comprehensive income

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Remeasurements of post-retirement medical benefits - actuarial (gain)/loss	**(30,979)**	1,775	**(30,979)**	1,775
Remeasurements of severance pay liability - actuarial loss	**1,014**	10,280	**1,014**	10,280
	(29,965)	12,055	**(29,965)**	12,055

23. CAPITAL COMMITMENTS

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Projects for Capital Expenditure				
Approved by Board of Directors	**13,002,390**	13,002,390	**13,002,390**	13,002,390
Less: Expenditure to 30 June	**(2,218,759)**	(1,577,921)	**(2,218,759)**	(1,577,921)
Amount still to be expended	**10,783,631**	11,424,469	**10,783,631**	11,424,469
Amounts contracted for year end	**1,324,546**	59,526	**1,324,546**	59,526
	1,324,546	59,526	**1,324,546**	59,526

The capital expenditure will be financed by internally generated funds and non-refundable capital contributions by customers, the Government of the Republic of Namibia and providers of debt.

The contractual commitments relate to property, plant and equipment.

24. NET FINANCING INCOME

Recognised in profit or loss

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Interest income on:	**551,773**	600,629	**551,773**	600,629
- Financial assets at amortised cost	**286,205**	498,537	**286,205**	498,537
- Financial assets at fair value through profit or loss	**265,568**	102,092	**265,568**	102,092
Interest costs on:	**(48,305)**	(83,117)	**(48,305)**	(83,117)
- Financial liabilities designated at fair value through profit or loss	**-**	(64,798)	**-**	(64,798)
- Financial liabilities mandatorily measured at fair value through profit or loss	**(205)**	(2,255)	**(205)**	(2,255)
- Financial liabilities at amortised cost	**(48,100)**	(16,064)	**(48,100)**	(16,064)
	503,468	517,512	**503,468**	517,512

25. REVENUE AND OTHER INCOME

The Group derives its revenue from Power Supply Agreements with customers for the consumption of electricity and other services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 33).

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Disaggregation of revenue				
Per performance obligation				
Revenue Comprises				
Over time				
- Sales of electricity	**3,830,945**	3,664,242	**3,830,945**	3,664,242
- Services	**33,917**	34,243	**33,917**	34,243
- SAPP market sales	**51,317**	351,786	**51,317**	351,786
- Transfer of assets from customers - Capital contributions by customers	**95,863**	60,814	**95,863**	60,814
- Maximum demand	**932,649**	912,276	**932,649**	912,276
- Network charges	**776,415**	760,311	**776,415**	760,311
- Reliability Charges	**335,606**	333,538	**335,606**	333,538
- Losses Charges	**345,770**	330,427	**345,770**	330,427
- Other	**103,560**	102,270	**103,560**	102,270
	6,506,042	6,549,907	**6,506,042**	6,549,907
Per customer type				
Revenue Comprises				
Transmission customers				
- Sales of electricity	**3,476,520**	3,320,186	**3,476,520**	3,320,186
- Services	**12,991**	13,456	**12,991**	13,456
- Maximum demand	**744,982**	709,522	**744,982**	709,522
- Network charges	**776,211**	777,150	**776,211**	777,150
- Reliability Charges	**335,606**	333,538	**335,606**	333,538
- Losses Charges	**345,770**	330,427	**345,770**	330,427
- Other charges	**66,532**	64,197	**66,532**	64,197
- Transfer of assets from customers - Capital contributions by customers	**95,863**	60,814	**95,863**	60,814
	5,854,475	5,609,290	**5,854,475**	5,609,290
Support services customers				
- Sales of electricity	**343,808**	332,157	**343,808**	332,157
- Sales of electricity - prepaid	**10,617**	11,899	**10,617**	11,899
- Services	**20,926**	20,787	**20,926**	20,787
- Maximum demand	**187,667**	185,735	**187,667**	185,735
- Network charges	**204**	180	**204**	180
- SAPP market sales	**51,317**	351,786	**51,317**	351,786
- Other charges	**37,028**	38,073	**37,028**	38,073
	651,567	940,617	**651,567**	940,617
	6,506,042	6,549,907	**6,506,042**	6,549,907

25. REVENUE AND OTHER INCOME (continued)

Units sold at cents/kWh and income derived from the monthly basic charge payable by all power users.

SAPP market sales: Electricity sales on the short term energy market to other Southern African Power Pool (SAPP) utilities.

Contributions made by customers towards the costs to be incurred to make a power supply available to the customer.

As a practical expedient, the Group will not disclose the information as required by paragraph 120 for a performance obligation since either of the following conditions is met for all revenue streams except for capital contributions by customers:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of IFRS 15.

Judgements

The Group acts as Principal in the arrangement whereby Eskom directly supplies electricity to Orange River customers.The Group is primarily responsible for fulfilling the contract for the supply of electricity to customers on the banks of the Orange River.

The key judgements are as follows:

Customers on the banks of the Orange river are customers of NamPower, therefore the Group can be seen as subcontracting Eskom to supply electricity to these customers on the Group's behalf.

The performance obligation for the supply of electricity lies with the Group.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Other income comprises of:				
- Government grant	**44,619**	58,864	**44,619**	58,864
- Grant funding other	**491**	779	**491**	779
- Fibre optic lease revenue	**15,259**	7,350	**15,259**	7,350
- Sundry income	**25,015**	41,787	**25,015**	41,787
	85,385	108,780	**85,385**	108,780

Government grant comprises of N$12.2 million (2021: N$8.9 million) accrued in respect of generation asset and N$32.4 million (2021: N$50.0 million) LRMC accrued in respect of fuel cost of Van Eck and Anixas Power Stations that was included in the 2022 approved tariffs. The LRMC was allowed as part of NamPower's generation revenue to mitigate the impact of Covid-19 and provide relief to customers.

Fibre optic lease revenue comprises revenue received from fibre optic leasing arrangements with reference to the service level agreements with the counterparties in respect of managed services and dark fibre leases.

Sundry income includes rent received, scrap sales and license renewal of electrical contractors.

26. PROFIT BEFORE TAXATION

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Profit before taxation is stated after charging/(crediting):				
Dividends received from listed equity designated through OCI	**(67)**	(61)	**(67)**	(61)
Gain on disposal of property, plant and equipment	**(2,779)**	(4,531)	**(2,779)**	(4,531)
a) Cost of Electricity	**5,075,449**	4,457,840	**5,075,449**	4,457,840
- Imports	**4,257,757**	3,830,031	**4,257,757**	3,830,031
- Local	**42,456**	67,843	**42,456**	67,843
- REFITs	**775,236**	559,966	**775,236**	559,966
b) Impairment on property, plant and equipment	**-**	111,334	**-**	111,334
c) Depreciation and amortisation	**1,390,026**	885,681	**1,390,026**	885,681
d) Movement in expected credit losses	**32,834**	(124,180)	**32,834**	(124,180)
- Loans and receivables	**(608)**	103	**(608)**	103
- Investments	**(680)**	(63,651)	**(680)**	(63,651)
- Trade receivables	**34,122**	(60,633)	**34,122**	(60,633)
e) Employee cost	**992,546**	996,642	**992,546**	996,642
Salaries and wages	**918,722**	921,605	**918,722**	921,605
Company contribution: Provident Fund	**73,824**	75,037	**73,824**	75,037
f) Other expenses	**620,712**	413,933	**620,712**	413,933
Directors' emoluments paid by Company for services as directors	**7,646**	5,950	**7,646**	5,950
- paid to non-executive directors	**2,085**	1,878	**2,085**	1,878
- paid to executive directors	**5,561**	4,072	**5,561**	4,072
Auditors' remuneration				
- audit services	**4,540**	4,502	**4,540**	4,502
Consultancy fees	**12,965**	8,411	**12,965**	8,411
- managerial services	**137**	728	**137**	728
- technical services	**1,561**	3,446	**1,561**	3,446
- other professional services	**11,267**	4,237	**11,267**	4,237
Marketing expenses	**-**	14	**-**	14
Maintenance and repairs	**259,046**	225,927	**259,046**	225,927
Eskom 400kV Connection	**169,508**	-	**169,508**	-
Travel and accommodation	**30,692**	27,004	**30,692**	27,004
Municipal levies	**15,961**	15,824	**15,961**	15,824
Social responsibility	**22,702**	28,519	**22,702**	28,519
Insurance cost	**20,310**	19,675	**20,310**	19,675
Sundry expenses	**7,573**	8,759	**7,573**	8,759
Fines and penalties	**102**	35	**102**	35
Post Retirement Benefit	**46,214**	44,756	**46,214**	44,756
Administrative expenses	**6,483**	7,052	**6,483**	7,052
Other expenses	**16,969**	17,505	**16,969**	17,505

26. PROFIT BEFORE TAXATION (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Financial income and expenses recognised in profit or loss				
(g) Net fair value and foreign exchange loss/(gain) on financial instruments	**797,254**	(1,181,279)	**797,254**	(1,181,279)
Foreign exchange loss/(gain) on financial assets and liabilities	**(214,996)**	167,778	**(214,996)**	167,778
IFRS 9 Fair value adjustments	**1,012,249**	(1,349,057)	**1,012,249**	(1,349,057)
- Net loss/(gain) on derivative contracts	**4,822**	9,719	**4,822**	9,719
- Valuation on foreign denominated loans	**80**	-	**80**	-
- Unrealised (gain)/loss on embedded derivative Power Purchase Agreement (PPA)	**1,006,661**	(1,356,165)	**1,006,661**	(1,356,165)
- Fair value (gain)/loss on firm commitments	**687**	(2,611)	**687**	(2,611)
Recognised in other comprehensive income				
Net change in fair value of listed and unlisted equity	**(12,691)**	4,086	**(12,691)**	4,086
* FVTPL - Fair value through profit or loss				
Government grants recognised in profit or loss	**(44,618)**	(58,864)	**(44,618)**	(58,864)
Income generating Investment Property				
- rental income	**(2,816)**	(2,907)	**(2,816)**	(2,907)
- direct operating expenses	**490**	527	**490**	527
Non-income generating Investment Property				
- direct operating expenses	**94**	98	**94**	98
Proceeds from the sale of property, plant and equipment	**2,911**	(5,118)	**2,911**	(5,118)
Fair value adjustment on investment properties	**(233)**	2,057	**(233)**	2,057

27. RELATED PARTIES

Identity of related parties

The Group has related party relationships with its subsidiaries (see note 7.1), associates (see note 7.2) and key management personnel. Key management personnel comprise directors and executive management.

The Government of the Republic of Namibia is the sole shareholder and ultimate controlling party.

Transactions with key management personnel

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
The key management personnel compensations are as follows:				
Short-term employee benefits	**18,832**	19,288	**18,832**	19,288
Post-retirement employment benefits	**797**	151	**797**	151
Other long-term employment benefits	**1,524**	2,548	**1,524**	2,548
	21,153	21,987	**21,153**	21,987

Total remuneration is included in 'staff costs' (see note 26). Directors' emoluments are disclosed in note 26

During the year the Company, in the ordinary course of business, entered into various sale and purchase transactions with its Shareholder, associates, fellow government owned entities and subsidiaries.

Shareholder

Transactions with the Shareholder (The Government of the Republic of Namibia) refer note 18.1 and note 26.

Sales

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Investments				
Erongored (Pty) Ltd	**870,884**	820,528	**870,884**	820,528
- Electricity sales	**859,843**	805,254	**859,843**	805,254
- Service level agreement and technical support	**17**	-	**17**	-
- Capital contribution received	**-**	3,592	**-**	3,592
- Dividend received	**-**	811	**-**	811
- Municipal services	**25**	22	**25**	22
- Guarantees received	**11,000**	10,849	**11,000**	10,849
Alten Solar Power (Hardap) Pty Ltd	**99,768**	135,716	**99,768**	135,716
- Electricity sales	**1,340**	1,621	**1,340**	1,621
- Electricity purchases	**98,429**	134,095	**98,429**	134,095

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Associate				
- Cenored (Pty) Ltd	**194,505**	183,613	**432,234**	408,028
- Electricity sales	**194,467**	183,578	**432,150**	407,950
- Service level agreement and technical support	**38**	35	**84**	78
Nored Electricity (Pty) Ltd	**253,835**	239,381	**761,584**	718,214
- Electricity sales	**253,785**	240,452	**761,432**	721,428
- Rental income	**45**	45	**136**	136
- Service level agreement and technical support	**5**	11	**16**	32
- Capital contribution (refunded)/received	**-**	(1,127)	**-**	(3,382)
Municipal services from related parties	**1,329**	1,540	**3,710**	4,323
- Nored Electricity (Pty) Ltd	**975**	1,158	**2,924**	3,474
- Cenored (Pty) Ltd	**354**	382	**786**	849
Guarantees received	**2,068**	1,813	**6,205**	5,439
- Nored Electricity (Pty) Ltd	**2,068**	1,813	**6,205**	5,439
Fellow government owned entities				
The individually significant sales transactions with fellow government owned entities are listed below:				
Electricity Sales	**1,791,986**	1,714,855	**1,791,986**	1,714,855
- Namibia Water Corporation	**164,952**	150,557	**164,952**	150,557
- City of Windhoek	**1,438,946**	1,390,102	**1,438,946**	1,390,102
- Namdeb Diamond Corporation (Pty) Ltd	**188,088**	174,196	**188,088**	174,196

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Related party balances from electricity sales and other purchases				
Due from / (due to)				
Investments	**86,619**	85,142	**86,619**	85,142
- Erongored (Pty) Ltd	**86,619**	85,142	**86,619**	85,142
Associate	**127,076**	72,931	**358,929**	199,067
- Cenored (Pty) Ltd	**28,734**	25,400	**63,854**	56,445
- Cenored (Pty) Ltd	**(21)**	(22)	**(46)**	(49)
- Nored Electricity (Pty) Ltd	**98,448**	47,801	**295,375**	143,416
- Nored Electricity (Pty) Ltd	**(85)**	(248)	**(254)**	(745)
Fellow government owned entities	**353,969**	192,763	**353,969**	192,763
- Namdeb Diamond Corporation (Pty) Ltd	**26,115**	23,535	**26,115**	23,535
- City of Windhoek	**310,862**	141,856	**310,862**	141,856
- Namibia Water Corporation (Pty) Ltd	**16,992**	27,372	**16,992**	27,372
Guarantees received	**9,226**	10,060	**9,226**	10,060
- Namdeb Diamond Corporation (Pty) Ltd	**4,032**	4,041	**4,032**	4,041
- Namibia Water Corporation (Pty) Ltd	**5,194**	6,019	**5,194**	6,019

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
For terms and conditions relating to balances from electricity sales and other purchases refer to note 3 (g) and note 3 (h) of the accounting policies.				
Related party balances from loans payable to				
Fellow government owned entities				
- Development Bank of Namibia	**(12,878)**	(16,738)	**(12,878)**	(16,738)

For terms and conditions of the balances payable to fellow government owned entities and to the subsidiary, refer to note 17 and note 7.2 respectively.

The Group does not have any significant commitments with its related parties.

During the year under review there were no write offs against the bad debt provision for the related parties.

28. NAMPOWER PROVIDENT FUND

Retirement benefits

The policy of the Group is to provide retirement benefits for its employees.

The NamPower Provident Fund is a defined contribution fund governed by the Pension Fund Act, and is for all its employees except for those who do not qualify in terms of the rules of the fund. Of the employees, 98% are members of the fund. The fund is administered by Retirement Funds Solutions Namibia (Pty) Ltd and is valued annually. The last valuation of the fund was performed as at 30 June 2022, which indicated that the fund is in a sound financial position.

Contributions to the fund are based on a percentage of salaries and are expensed in the period in which they are paid. The Company's contribution to the Fund amounted to N$74.0 million (2021: N$75 million).

The Company's contribution paid to the Fund for the key management amounted to N$1.5 million (2021: N$1.7 million).

29. FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments;

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position

29.1 CONSOLIDATED AND COMPANY

2022		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL - designated**	**FVTPL - mandatorily measured**	**FVTOCI**	**FVTOCI - designated**
Financial assets					
Listed equity	11	-	-	-	1,335
Collective investment schemes	11	-	2,083,683	-	-
Derivative financial assets	21.1	-	51,139	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	135,578
Unlisted equity	11	-	-	-	57,771
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-
Money market funds	11		1,915,834		-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables[1]	13	-	-	-	-
		-	4,050,656	-	194,684
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables[2]	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	-	-	-

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

[1] Project and other advances and prepayments of N$306.5 million (2021: N$196.7 million) that are not financial assets are not included.
[2] Accrued expenses of N$158.2 million (2021: N$165.9 million) that are not financial liabilities are not included.

n are as follows:

	Carrying value					Fair value			
	Financial liabilities					Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,335	1,335	-	-	1,335
-	-	-	-	2,083,683	-	2,083,683	-	2,083,683
-	-	-	-	51,139	-	51,139	-	51,139
20,360	-	-	-	20,360	-	-	-	-
-	-	-	-	135,578	-	90,670	-	90,670
-	-	-	-	57,771	-	-	57,771	57,771
3,525,660	-	-	-	3,525,660	-	-	-	-
-				1,915,834	-	1,915,834	-	1,915,834
1,758,288	-	-	-	1,758,288	-	-	-	-
1,275,454	-	-	-	1,275,454	-	-	-	-
6,579,762	-	-	-	10,825,102	1,335	4,141,326	57,771	4,200,432
-	-	(442,883)	-	(442,883)	-	-	(442,883)	(442,883)
-	-	-	(530,513)	(530,513)	-	-	-	-
-	-	-	(1,098,245)	(1,098,245)	-	-	-	-
-	-	-	(80,772)	(80,772)	-	-	-	-
-	-	(442,883)	(1,709,530)	(2,152,413)	-	-	(442,883)	(442,883)

There have been no transfers between the fair value hierarchy levels (2021: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

29.1 CONSOLIDATED AND COMPANY

2021 * Restated

in thousands of Namibia Dollar	Reference notes	Carrying value Financial assets FVTPL - designated	FVTPL - mandatorily measured	FVTOCI	FVTOCI - designated
Financial assets					
Listed equity	11	-	-	-	1,550
Collective investment schemes	11	-	2,305,085	-	-
Derivative financial assets	21.1	-	571,306	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	128,244
Unlisted equity	11	-	-	-	44,865
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-
Money market funds	11		2,054,462		-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables[1]	13	-	-	-	-
		-	**4,930,853**	**-**	**174,659**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables[2]	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

[1] Project and other advances and prepayments of N$196.7 million (2020: N$72.2 million) that are not financial assets are not included.

[2] Accrued expenses of N$165.9 million (2020: N$154.6 million) that are not financial liabilities are not included.

	Carrying value Financial liabilities				**Fair value** Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,550	1,550	-	-	1,550
-	-	-	-	2,305,085	-	2,305,085	-	2,305,085
-	-	-	-	571,306	-	571,306	-	571,306
18,167	-	-	-	18,167	-	-	-	-
-	-	-	-	128,244	-	128,244	-	128,244
-	-	-	-	44,865	-	-	44,865	44,865
4,430,610	-	-	-	4,430,610	-	-	-	-
-				2,054,462	-	2,054,462	-	2,054,462
1,779,162	-	-	-	1,779,162	-	-	-	-
892,590	-	-	-	892,590	-	-	-	-
7,120,529	**-**	**-**	**-**	**12,226,041**	**1,550**	**5,059,097**	**44,865**	**5,105,512**
-	-	-	-	-	-	-	-	-
-	-	-	(760,774)	(760,774)	-	-	-	-
-	-	-	(1,000,068)	(1,000,068)	-	-	-	-
-	-	-	(17,610)	(17,610)	-	-	-	-
-	**-**	**-**	**(1,778,452)**	**(1,778,452)**	**-**	**-**	**-**	**-**

There have been no transfers between the fair value hierarchy levels (2020: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED COMPANY	
	2022	**2021**
	N$'000	**N$'000**
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:		
Embedded derivative liabilities		
Carrying value at beginning of the year	**-**	(794,312)
Net fair value unrealised loss on embedded derivatives recognised in profit or loss	**(442,883)**	794,312
Carrying value at end of the year	**(442,883)**	-
Unlisted equity		
Carrying value at beginning of the year	**44,864**	49,011
Net fair value gain on unlisted investments through OCI	**12,907**	(4,147)
Carrying value at end of the year	**57,771**	44,864

Refer to note 29.6.3 and note 11 for a sensitivity analysis disclosing the effect of fair value changes that would result if one or more of the inputs were to change.

The following table gives information about how the fair values of the financial assets and financial liabilities categorised into Level 2 and Level 3 of the fair value hierarchy were determined:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Collective investment schemes	Level 2	The valuation model is based on the Net Asset Values (NAV) of the individual funds as quoted in the active markets. i.e. quoted prices	Not applicable
Money market funds	Level 2	The valuation model is based on the interest rates as quoted in the active markets of the individual funds as derived from the fair market values and interest rates of the underlying instruments within the funds. i.e. quoted interest rates.	Not applicable
Derivative financial assets and derivative financial liabilities	Level 2 & Level 3	Discounted cash flow: The valuation model considers the present value of expected future cash flows discounted using a risk adjusted discount rate for both ZAR and USD. The expected cash flows is determined by considering the possible scenario of forecast revenue. i.e. interest rates, inflation rates and exchange rates.	The estimated fair value of the purchase agreements will increase/(decrease) with an indirect correlation of the above-mentioned sensitivities, while there is a direct correlation in the fair value of the sales agreement with an increase/(decrease) of the sensitivities.
Inflation link bonds	Level 2	The valuation model considers the rate of inflation to adjust the fixed income security.	Not applicable
Unlisted equity	Level 3	Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	A significant increase in the revenues would result in a significant increase in fair value, and vice versa. A significant increase in the expenses would result in a significant decrease in fair value, and vice versa. The higher the cost of equity, the lower the fair value and vice versa. The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa. The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

The fair values are based on current market movements at year end.

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital. Further quantitative disclosures are included throughout the Group and Company financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's Risk Management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

29.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that a counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

The recoverability of a financial asset which is neither past due nor impaired is assessed, taking into account its financial position, past experience and other factors. The Group believes that the amounts of instruments held at 30 June 2021 are still recoverable.

The carrying amount of financial assets represents the maximum credit exposure. The potential concentration of credit risk consists mainly of loans and receivables, trade and other receivables and the investment portfolio.

29.3.1 Management of credit risk

Financial instruments are managed by the treasury function. Processes are in place to identify, measure, monitor, control and report credit risk. The objective of NamPower's credit risk management framework is firstly to protect cash and investments and, secondly to protect and maximise the rate of return of financial market instruments.

Responsibility and governance

The Asset and Liability Committee (ALCO), manages counterparty credit risk which arises from the treasury activities in the financial markets. This committee is chaired by the Managing Director and reports on a quarterly basis to the Investment Committee. The activities of the ALCO committee are guided by the terms of reference that are updated and approved by the Investment Committee.

The terms of reference set out the minimum acceptable standards to be adhered to by those responsible for credit-related transactions within the treasury section. The terms of reference are aligned to the Exco credit risk governance standards and are supplemented by appropriate policies and procedures.

The ALCO committee:

- assesses the credit quality of counterparties and types of instruments used;
- recommends credit limits to the Investment Committee;
- ensures that transactions with counterparties are supported by trading agreements, where applicable; and
- approves methodologies used for the management of counterparty exposure.

The management of credit risk is governed by the following policies:

Trading in financial instruments is conducted and entered into with selected counterparties after credit limits have been authorised. Individual risk limits are set based on internal and external ratings in line with limits set by the Board. All credit limits are approved by the Investment Committee. The use of credit limits is regularly monitored.

Minimum credit-rating requirements for financial institutions are maintained to assess the risk categories by rating class and to ascertain the probability of default inherent in each rating class. Approved concentration risk parameters are in place.

Concentration of credit risk is managed by setting credit risk limits at a counterparty-specific level. Concentration credit risk limits are used as second tier limits in relation to counterparty credit limits.

29.4 Exposure to credit risk

The Group limits its counterparty exposures from its loans and receivables, trade and other receivables and investment portfolio by only dealing with individuals and corporate entities of a high quality credit standing. Therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Inflation linked bonds	**135,578**	128,244	**135,578**	128,244
Unlisted equity	**57,771**	44,865	**57,771**	44,865
Listed equity: Sanlam shares	**1,335**	1,550	**1,335**	1,550
Collective investment schemes	**2,083,683**	2,305,085	**2,083,683**	2,305,085
Debt instruments, fixed deposits and treasury bills	**3,525,660**	4,430,610	**3,525,660**	4,430,610
Money market funds *	**1,915,834**	2,054,462	**1,915,834**	2,054,462
Loans receivables	**20,360**	18,167	**20,360**	18,167
Trade and other receivables	**1,275,454**	892,590	**1,275,454**	892,590
Cash and cash equivalents *	**1,758,288**	1,779,162	**1,758,288**	1,779,162
Forward exchange contract assets and interest rate and cross currency swaps	**51,139**	571,306	**51,139**	571,306
	10,825,102	12,226,041	**10,825,102**	12,226,041

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

29. FINANCIAL INSTRUMENTS (continued)

29.4.1 Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 30 June 2022 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$75.3 million (2021: N$63.4 million) to four local banks (Bank Windhoek Limited, First National Bank Namibia, Standard Bank Namibia and Nedbank Namibia) for all employees who are on the Company's housing scheme and have attained financing from the aforementioned financial institutions. The Group collects the monthly instalments of the employee home loans and settles it directly with the financial institutions. Such suretyship is limited to the original loan amount attained by each employee and excludes any additional financing for improvements or upgrades. The Group assesses the risk of the suretyship annually.

The financial guarantee is insignificant.

29.4.2 Trade and other receivables

(a) Trade receivables

Credit risk with respect to trade and other receivables is high due to the large number of customers comprising the Group's customer base and their spread across different industries and geographical areas. The main classes of electricity receivables are cross border, large power users and small power users. Key large power users comprise mainly Namibian municipalities, town councils, village councils, regional councils, mining customers and regional electricity distributors (REDs).

The Audit and Risk Management Committee has established a credit policy under which each electricity customer's payment terms and conditions are offered.

The Group requires a security deposit equivalent to three (3) months estimated consumption in respect of all new customers before they are energised and the electricity is supplied with an exception to the Regional Distributors and Namibia Water Corporation transmission supply points whereby they have to provide security deposit that is equal to one (1) month estimated consumption.

Electricity supply agreements are entered into with cross border customers who comprise utility companies of neighbouring countries. These customers are required to provide security deposit equivalent to the value of three month's estimated consumption. Refer note 29.4.3.

The level of security is reviewed when a customer defaults on their payment obligation or requires additional electricity supply capacity in which case they are required to either provide security or increase their existing security to an amount equivalent to three months' of estimated future consumption before supply will commence.

Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

The Group has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of letters of demand and notice of disconnection of supply.

The Group writes off a trade receivable when there is no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Group's policy and delegation of authority. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held. No trade receivables were written off at 30 June 2022 and 30 June 2021.

The total cumulative expected credit losses for electricity receivables at 30 June 2022 was N$708.9 million (2021: N$675.2 million) (refer note 29.4.3). The enhancement of credit control strategies and monitoring of payment levels of all trade receivables continue to receive management attention.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
The maximum exposure to credit risk for trade receivables at the reporting date by geographic area:				
Domestic- Namibia	**1,119,660**	870,483	**1,119,660**	870,483
Regional Exports/ Cross border customers	**155,794**	22,107	**155,794**	22,107
	1,275,454	892,590	**1,275,454**	892,590
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:				
Distributors	**836,726**	521,019	**836,726**	521,019
Mining	**153,596**	134,882	**153,596**	134,882
End-user customers	**68,690**	67,092	**68,690**	67,092
Other trade receivables	**216,442**	169,597	**216,442**	169,597
	1,275,454	892,590	**1,275,454**	892,590
Concentration of credit risk that arises from the Group's receivables in relation to categories of the customers by percentage of total receivables from customers is:				
	%	%	**%**	%
Distributors	**66**	58	**66**	58
Mining	**12**	15	**12**	15
End-user customers	**5**	8	**5**	8
Other trade receivables	**17**	19	**17**	19
	100	100	**100**	100

29. FINANCIAL INSTRUMENTS (continued)

	2022 N$'000 Gross	2022 N$'000 Expected credit losses	2021 N$'000 Gross	2021 N$'000 Expected credit losses
CONSOLIDATED AND COMPANY				
29.4.3 Expected credit losses				
Not past due	**719,312**	**42,301**	677,085	64,535
30 days past due	**144,936**	**27,728**	96,853	26,486
60 days past due	**124,628**	**31,504**	38,567	20,753
90 days past due	**995,521**	**607,410**	755,314	563,455
	1,984,397	**708,943**	1,567,819	675,229

Refer to note 13 for a reconcilation of the expected credit losses for the trade receivables.

The Group uses a combination of two approaches, namely the Provision Matrix approach and the loss rate approach.

Expected credit losses of N$332.6 million (2021: N$337.1 million) relates to Rede Nacional De Electricidade (RNT), the Angolan electricity distributor. Rede Nacional De Transporte De Electricidade (RNT), the Angolan electricity transmitor, Category B continues to fall into arrears during the financial year under review as a result of the adverse market conditions in Angola which affected the Angolan market heavily.

Expected credit losses of N$214.4 million (2021: N$188.7 million) relates to the Municipality of Rehoboth, Municipality of Mariental, Municipality Gobabis, Karasburg Town Council and Aranos Town Council. These municipalities and town council continue to fall into arrears during the financial year under review.These municipalities and town council accounts are monitored on an ongoing basis and remain a high priority focus area. The Group has entered into payment arrangements with the municipalities and town council and work closely with the stakeholders to resolve the challenges that have given rise to these municipalities' and town council debt.

Expected credit losses of N$55.9 million (2021: N$13.8 million) relates to the Northern Regional Electricity Distribution (Pty) Ltd (Nored). Nored continues to fall into arrears during the financial year under review and the accounts is monitored on an ongoing basis and remain a high priority focus area. The Group has entered into a payment arrangement with Nored.

Expected credit losses of N$21.5 million (2021: N$19.2 million) relates to the Congo Namibia (Pty) Ltd. Congo Namibia (Pty) Ltd bulk supply to Kombat Mine, did not make any payment since July 2018 and continues to fall into arrears during the financial year under review and the accounts is monitored on an ongoing basis and remain a high priority focus area. Power Supply Agreement with Congo Namibia (Pty) Ltd was terminated and Cenored (Pty) Ltd took over effective 01 July 2022.

The remainder of the expected credit losses at 30 June 2022 is attributable to several customers.

Valuation assumptions

The Group assesses its trade and other receivables' probability of default and loss given default at each balance sheet date, based on historical data using a provision matrix for Category A customers and loss rate approach for Category B, C, D and E customers.

The Group applies the simplified approach in measureing the loss allowance which uses a lifetime expected loss allowance. The Group recognises an impairment gain or loss in profit or loss for its trade and other receivable with a corresponding adjustment to other comprehensive income.

	CONSOLIDATED AND COMPANY	
	2022 N$'000	2021 N$'000
Security relating to trade receivables		
The security held against trade receivables for the Group and Company comprises bank guarantees and cash deposits. The estimate of the fair value of the security is:		
(a) Cash deposits		
Electricity receivables security deposit -Cash		
Domestic Namibia	**32,343**	33,502
Regional Exports/Cross Border customers	**316**	316
	32,659	33,818
(b) Bank Guarantees		
Domestic- Namibia	**357,372**	346,118
Cross Border customers	**35**	35
Guarantees - Eskom	**908**	908
	358,315	347,061

Impairment of financial assets

For the purposes of impairment assessment:

- Cash and cash equivalents are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.
- Loans receivables are considered to have low probability of default. Alten is considered low risk as NamPower signed a power purchased agreement with the company.
- The bonds, fixed deposits, treasury bills and money markets are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.

Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, the directors of the Group assessed the exposure at default for each Individual asset and applied a loss given default rate based on the Basel Framework. The probability of default for the financial institutions was derived from the Standard and Poor's (S&P) Annual Global Corporate Default and Rating Transition Study, while that for Namibia was obtained from the S&P Annual Sovereign Default and Rating Transition Study. This is following publicly available credit ratings of the various institutions that was obtained from the Bloomberg Financial Services software. For the loans receivable the probability of default and loss given default of the Republic of Namibia was used. The Directors found the use of publicly available data to be fair and accurate as this is objective and easily verifiable.

There has been a change to the estimation inputs (probability of default and loss given default), but however there has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

29. FINANCIAL INSTRUMENTS (continued)

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets:

	12-month expected credit losses						
	Stage 1						
	Bonds	Fixed deposits	Treasury bills	Subtotal	City of Windhoek	Alten Solar Power (Hardap) Pty Ltd	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Balance as at 1 July 2020	29,326	37,321	3,357	70,005	58	488	70,550
Increase/(decrease) in loss allowance	(26,145)	(34,599)	(2,907)	(63,651)	(58)	161	(63,548)
Balance as at 30 June 2021	**3,182**	**2,722**	**450**	**6,354**	**-**	**649**	**7,002**
(Decrease)/increase/in loss allowance	317	(611)	(386)	(680)	-	(608)	(1,288)
Balance as at 30 June 2022	**3,498**	**2,111**	**64**	**5,674**	**-**	**41**	**5,714**

29.4.4 Investments and cash and cash equivalents

	CONSOLIDATED AND COMPANY	
	2022	**2021**
	N$'000	**N$'000 * Restated**
Investments		
BBB- - AAA	**3,858,713**	5,085,830
BB+ - B-	**2,586,028**	3,712,356
	6,444,741	8,798,186
Cash and cash equivalents		
BBB- - AAA	**442,602**	528,994
BB+ - B-	**1,315,686**	1,250,168
	1,758,288	1,779,162

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

The ratings are performed per financial institution. Included in the above ratings are money market instruments and bonds. The remaining investments are held with credible institutions.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The management of liquidity and funding risk is vested with the treasury section in accordance with practices and limits set by Exco and the board. The Group's liquidity and funding management process includes:

- projected cash flows and considering the cash required by the Group and optimising the short-term liquidity;
- monitoring financial liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities, managing the concentration and profile of debt maturities and
- maintaining liquidity and funding contingency plans.

29. FINANCIAL INSTRUMENTS (continued)

29.5.1 Contractual Cash Flows

The tables below indicate the contractual undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash flows of the Group's and Company's financial liabilities are indicated on a gross undiscounted basis. The cash flows for derivatives are presented as net cash flows.

2022 Consolidated and Company	Carrying amount N$ '000	Total contractual cash flows N$ '000	Less than 6 months N$ '000	6 - 12 months N$ '000	1- 5 years N$ '000	5 years and more N$ '000
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	**-**	**-**	**-**	**-**	**-**	**-**
- ZAR denominated loans	**(517,635)**	**(653,819)**	**(64,299)**	**(589,520)**	**-**	**-**
- NAD denominated loans	**(12,878)**	**(13,429)**	**-**	**(6,086)**	**(7,343)**	**-**
Non-current retention creditors	**(80,772)**	**(80,772)**	**-**	**-**	**(80,772)**	**-**
Trade and other payables	**(1,098,245)**	**(1,098,245)**	**-**	**(1,098,245)**	**-**	**-**
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	**-**	**-**	**-**	**-**	**-**	**-**
2021						
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(39,195)	(30,602)	(30,602)	-	-	-
- ZAR denominated loans	(704,841)	(891,340)	(171,632)	(65,889)	(461,944)	(191,875)
- NAD denominated loans	(16,738)	(18,258)	-	(6,086)	(12,172)	-
Non-current retention creditors	(17,610)	(17,610)	-	-	(17,610)	-
Trade and other payables *	(1,000,068)	(1,000,068)	-	(1,000,068)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	5,849	-	5,849	-	-

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

29.5.2 Derivative financial instruments

Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Valuation assumptions

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values of interest rate swaps reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The principal or contract amount of derivative financial instruments were:

	CONSOLIDATED AND COMPANY	
	2022	**2021**
	N$'000	**N$'000**
Net interest rate and cross currency swaps	**-**	5,781
Forward exchange contracts	**1,023,153**	383,985
	1,023,153	389,766

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	CONSOLIDATED AND COMPANY	
	2022	2021
	N$'000	N$'000

29.5.3 Primary sources of funding and unused facilities

The primary sources to meet the Group's liquidity requirements are revenue, cash inflows from maturing financial assets purchased, funds committed by government, local debt issued in the market as well as foreign debt. To supplement these liquidity sources under stress conditions, overdraft facilities with commercial banks are in place as indicated below:

	2022 N$'000	2021 N$'000
General banking facilities	**192,500**	192,500
	192,500	192,500

The overdraft facilities, if utilised are repayable strictly on demand and will be charged at the prevailing bank's prime lending rate from time to time. The prime lending rate of the commercial banks at 30 June 2021 was 7.5%.

The Group holds the following pre-approved facilities at various financial institutions to facilitate the operations:

	2022 N$'000	2021 N$'000
SB VAF fleet cards	**1,100**	1,100
FEC	**100,000**	100,000
Derivative	**350,000**	350,000
	451,100	451,100

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

A significant part of the market risk encountered arises from financial instruments and equity that are managed within the treasury function of the Company or from contracts containing embedded derivatives.

Financial instruments managed by the treasury function

The treasury section is responsible for managing market risk within the risk management framework approved by Exco and the board. The overall authority for the management of market risks within the treasury section is vested in the Asset and Liability Committee (ALCO) which reports quarterly to the Investment committee and the Audit and Risk Management Committee.

Embedded derivatives

The Company entered into a number of agreements for the purchase and supply of electricity, where the revenue or expenditure from these contracts is based on foreign currency rates (mainly USD) or foreign production price indices. This gives rise to embedded derivatives that require separation as a result of the different characteristics of the embedded derivative and the host contract. The contractual periods vary from 3 years up to a maximum of 10 years. Certain of these contracts are currently being renegotiated.

The net impact on profit or loss of changes in the fair value of the embedded derivatives for the Group and Company is a fair value loss of N$1.0 billion (2021: N$1.4 billion gain). The embedded derivative liability at 30 June 2022 was N$442.3 million (2021: N$564.3 million asset) for the Group and Company.

The valuation methods and inputs are discussed in note 29.6. Risks arising from these contracts are discussed under the relevant risk areas as follows:

- interest rate risk (refer to note 29.6.1)
- currency risk (refer to note 29.6.2)
- other price risk (refer to note 29.6.3)

Electricity purchases and sales contracts that contain embedded derivatives are considered for economic hedging. Economic hedging in respect of foreign currency exposure resulting from these embedded derivatives takes place on a short-term basis.

29.6.1 Interest rate risk

The Group hedges its risk to interest rate risks in terms of the foreign loans by entering into interest rate swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Interest rate risk is the risk that the Group's financial position may be adversely affected as a result of changes in interest rate levels, yield curves and spreads.

The Group's interest rate risk arises mainly from long-term borrowings and other financial assets. Long-term borrowings and debt securities are issued at both fixed rates and floating rates and expose the Group to fair value interest rate risk.

The Group generally adopts a policy that its exposure to interest rates is on a fixed rate basis. Swaps have been used to convert the interest on floating rates to a fixed rate basis.

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is hedged economically. This is achieved by entering into interest rate swaps.

29. FINANCIAL INSTRUMENTS (continued)

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

			CONSOLIDATED		COMPANY	
			2022	2021	2022	2021
	Reference note	Variable and fixed rate	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000
Variable rate financial instruments						
Financial assets						
Collective investment schemes	11		**2,083,683**	2,291,952	**2,083,683**	2,291,952
Financial liabilities						
Development Bank of Namibia	17.1.5	Prime less 4.5%	**(12,878)**	(16,738)	**(12,878)**	(16,738)
			2,070,805	2,275,214	**2,070,805**	2,275,214
Fixed rate financial instruments						
Financial assets						
Loans and receivables	10		**20,360**	18,167	**20,360**	18,167
Non-current investments	11		**2,373,659**	1,587,554	**2,373,659**	1,587,554
Fixed deposits and Treasury bills at amortised cost	11		**3,525,660**	4,430,610	**3,525,660**	4,430,610
Money market funds *	11		**1,915,834**	2,054,462	**1,915,834**	2,054,462
Cash and cash equivalents *	14		**1,758,288**	1,779,162	**1,758,288**	1,779,162
Trade and other receivables	13		**1,275,454**	892,590	**1,275,454**	892,590
Financial liabilities	17		**(517,635)**	(744,036)	**(517,635)**	(744,036)
			10,351,620	10,018,509	**10,351,620**	10,018,509

* Refer to note 31 for details regarding the restatement in the 2021 annual financial statements.

Cash flow sensitivity analysis

The Group analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined interest rate shifts. For each simulation, the same interest rate shift is used for all currencies.

The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Group's accounting policy. The analysis is performed on the same basis as for 2021.

29. FINANCIAL INSTRUMENTS (continued)

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity 100 bp increase	Equity 100 bp decrease	Profit or (loss) 100 bp increase	Profit or (loss) 100 bp decrease
30 June 2022				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	**(88)**	**88**	**(129)**	**129**
Fixed deposits	**-**	**-**	**276**	**(276)**
Variable rate notes	**-**	**-**	**404**	**(404)**
30 June 2021				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(114)	114	(167)	167
Fixed deposits	-	-	369	(369)
Variable rate notes	-	-	95	(95)

A change of 500 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity	Equity	Profit or (loss)	Profit or (loss)
	500 bp increase	500 bp decrease	500 bp increase	500 bp decrease
30 June 2022				
Collective Investment Schemes	-	-	103,508	(103,508)
30 June 2021				
Collective Investment Schemes	-	-	114,598	(114,598)

The effects of the cross currency interest rate swaps on the group's financial position and performance are as follows:

Cross Currency Interest Rate Swaps	CONSOLIDATED AND COMPANY	
	2022	2021
	N$'000	N$'000
Carrying Amount (Current and Non-Current)	-	5,781
Notional Amount (N$'000)	-	24,691
Maturity	-	15/09/2021
Hedge Ratio	1:1	1:1
Change in fair value of Outstanding hedging Instruments since 1st July	(5,781)	(9,719)
Change in fair value of Hedged item used to determine the Hedge Effectiveness	5,781	9,719
Weighted Average Hedged Rate for the Year	7.2%	7.2%

29.6.2 Currency risk

The Group is exposed to currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar as a result of: purchases of equipment, consulting fees and borrowings. The currencies which primarily give rise to currency risk are GBP, USD and EURO .

The loans denominated in foreign currency have been fully hedged using currency swaps that mature on the same date as the loans are due for repayment.

With respect to all other transactions denominated in currencies other than the Namibia Dollar and/or the South African Rand, the Group generally adopts a policy to hedge its foreign currency commitments where possible. The Group is also exposed to foreign currency movements with regards to certain regional Power Purchase Agreements (PPAs) and Power Sales Agreements (PSA) which are hedged for the duration of the agreement and reviewed on a continuous basis.

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting can be applied are recognised in profit or loss.

Due to the fact that no hedge effectiveness test is performed all fair value movements on the currency and interest rate swaps are recognised in profit or loss as part of net financing costs.

29. FINANCIAL INSTRUMENTS (continued)

Consolidated

The currency position at 30 June 2022 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	-	-
Loans receivable	10	20,360	-
Trade and other receivables	13	790,057	-
Investments	11	6,383,076	1,331,110
Cash and cash equivalents	14	670,902	678,588
		7,864,395	2,009,698
Liabilities			
Interest bearing loans and borrowings	17	(12,878)	(517,635)
Derivative liabilities	21.2	-	-
Trade and other payables	20.1	(612,741)	(221,962)
Non-current retention creditors	20.4	(80,772)	-
		(706,391)	(739,597)
Gross statement of financial position exposure		7,158,004	1,270,101
Next year's forecast sales		7,016,986	-
Next year's forecast purchases		(549,293)	(1,469,913)
Gross exposure		13,625,697	(199,812)
Foreign exchange contracts [1]		-	-
Net exposure		13,625,697	(199,812)

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2022 to the value of USD62 million at an average rate of USD/NAD 15.3.

US$	Euro	GBP	Total
51,139	**-**	**-**	**51,139**
-	**-**	**-**	**20,360**
485,397	**-**	**-**	**1,275,454**
-	**-**	**-**	**7,714,186**
408,716	**32**	**50**	**1,758,288**
945,252	**32**	**50**	**10,819,427**
-	**-**	**-**	**(530,513)**
(442,516)	**(367)**	**-**	**(442,883)**
(262,679)	**(863)**	**-**	**(1,098,245)**
-	**-**	**-**	**(80,772)**
(705,195)	**(1,230)**	**-**	**(2,152,413)**
240,057	**(1,198)**	**50**	**8,667,014**
-	**-**	**-**	**7,016,986**
(2,732,029)	**-**	**-**	**(4,751,234)**
(2,491,972)	**(1,198)**	**50**	**10,932,766**
51,139	**-**	**-**	**51,139**
(2,440,833)	**(1,198)**	**50**	**10,983,905**

Currency translation rates:	30 June 2022
1 SA Rand	N$1.0
1 US Dollar	N$16.2
1 Euro	N$16.9
1 GBP	N$19.7

29. FINANCIAL INSTRUMENTS (continued)

Consolidated

The currency position at 30 June 2021 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	5,781	-
Loans receivable	10	18,167	-
Trade and other receivables	13	538,396	-
Investments*	11	5,995,312	2,963,150
Cash and cash equivalents*	14	732,105	718,927
		7,289,761	**3,682,077**
Liabilities			
Interest bearing loans and borrowings	17	(16,738)	(704,841)
Trade and other payables	20.1	(395,214)	(457,880)
Non-current retention creditors	20.4	(17,610)	-
		(429,562)	**(1,162,721)**
Gross statement of financial position exposure		**6,860,199**	**2,519,356**
Next year's forecast sales		6,374,599	-
Next year's forecast purchases		(568,530)	(1,698,843)
Gross exposure		**12,666,268**	**820,514**
Foreign exchange contracts [1]		-	-
Net exposure		**12,666,268**	**820,514**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	8,958,462
328,069	44	17	1,779,162
1,247,710	**122**	**17**	**12,219,687**
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,000,060)
-	-	-	(17,610)
(146,765)	**(201)**	**(39,195)**	**(1,778,444)**
1,100,945	**(79)**	**(39,178)**	**10,441,243**
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	**(79)**	**(39,178)**	**12,689,903**
1,062	-	-	1,062
(756,559)	**(79)**	**(39,178)**	**12,690,965**

.

Currency translation rates:	30 June 2021
1 SA Rand	N$1.0
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2022 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	-	-
Loans receivable	10	20,360	-
Trade and other receivables	13	790,057	-
Investments	11	6,383,076	1,331,110
Cash and cash equivalents	14	670,902	678,588
		7,864,395	2,009,698
Liabilities			
Interest bearing loans and borrowings	17	(12,878)	(517,635)
Derivative liabilities	21.2	-	-
Trade and other payables	20.1	(612,749)	(221,962)
Non current retention creditors	20.4	(80,772)	-
		(706,398)	(739,597)
Gross statement of financial position exposure		7,157,997	1,270,101
Next year's forecast sales		7,016,986	-
Next year's forecast purchases		(549,293)	(1,469,913)
Gross exposure		13,625,690	(199,812)
Foreign exchange contracts [1]		-	-
Net exposure		13,625,690	(199,812)

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2022 to the value of USD62 million at an average rate of USD/NAD 15.3.

US$	Euro	GBP	Total
51,139	**-**	**-**	**51,139**
-	**-**	**-**	**20,360**
485,397	**-**	**-**	**1,275,454**
-	**-**	**-**	**7,714,186**
408,716	**32**	**50**	**1,758,288**
945,252	**32**	**50**	**10,819,427**
-	**-**	**-**	**(530,513)**
(442,516)	**(367)**	**-**	**(442,883)**
(262,679)	**(863)**	**-**	**(1,098,253)**
-	**-**	**-**	**(80,772)**
(705,195)	**(1,230)**	**-**	**(2,152,421)**
240,057	**(1,198)**	**50**	**8,667,006**
-	**-**	**-**	**7,016,986**
(2,732,029)	**-**	**-**	**(4,751,234)**
(2,491,972)	**(1,198)**	**50**	**10,932,758**
51,139	**-**	**-**	**51,139**
(2,440,833)	**(1,198)**	**50**	**10,983,897**

Currency translation rates:	30 June 2022
1 SA Rand	N$1.0
1 US Dollar	N$16.2
1 Euro	N$16.9
1 GBP	N$19.7

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2021 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	5,781	-
Loans receivable	10	18,167	-
Trade and other receivables	13	538,396	-
Investments*	11	5,995,312	2,963,150
Cash and cash equivalents*	14	732,105	718,927
		7,289,761	**3,682,077**
Liabilities			
Interest bearing loans and borrowings	17	(16,738)	(704,841)
Trade and other payables	20.1	(395,222)	(457,880)
Non current retention creditors	20.4	(17,610)	-
		(429,570)	**(1,162,721)**
Gross statement of financial position exposure		**6,860,191**	**2,519,355**
Next year's forecast sales		6,374,599	-
Next year's forecast purchases		(568,530)	(1,698,843)
Gross exposure		**12,666,260**	**820,513**
Foreign exchange contracts [1]		-	-
Net exposure		**12,666,260**	**820,513**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	8,958,462
328,069	44	17	1,779,162
1,247,710	**122**	**17**	**12,219,687**
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,000,068)
-	-	-	(17,610)
(146,765)	**(201)**	**(39,195)**	**(1,778,452)**
1,100,945	**(79)**	**(39,178)**	**10,441,235**
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	**(79)**	**(39,178)**	**12,689,895**
1,062	-	-	1,062
(756,559)	**(79)**	**(39,178)**	**12,690,957**

Currency translation rates:	30 June 2021
1 SA Rand	N$1.0
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Sensitivity analysis				
A strengthening of the N$ against the following currencies at 30 June 2022 would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2021.				
US Dollar (10 percent strengthening)	**1,402,847**	895,946	**1,402,847**	895,946
Euro (10 percent strengthening)	**(83)**	(71)	**(83)**	(71)
GBP (10 percent strengthening)	**5**	(3,843)	**5**	(3,843)
A weakening of the N$ against the following currencies at 30 June 2022 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.				
US Dollar (10 percent weakening)	**(1,402,847)**	(895,946)	**(1,402,847)**	(895,946)
Euro (10 percent weakening)	**83**	71	**83**	71
GBP (10 percent weakening)	**(5)**	3,843	**(5)**	3,843

29.6.3 Other price risk

Inflation price risk arises from embedded derivatives as discussed under note 21.2. The risk arises from movements in the United States production price index (PPI). The Group's exposure to equity securities price risk arises from the equity investment held by the Group and classified in the statement of financial position as at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL designated). The Group's equity investment consists of Sanlam shares. The collective investment scheme at FVTPL is also exposed to price risk. The risk arises from movements in the share price of the equity investment and income fund.

ALCO is monitoring the exposure to price risk on a quarterly basis.

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
	Profit or (Loss) N$'000	**Profit or (Loss) N$'000**	**Profit or (Loss) N$'000**	**Profit or (Loss) N$'000**
The following is the sensitivity analysis of the change in the value of the embedded derivatives (relating to customised pricing agreements) as a result of changes in the United States PPI. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:				
United States PPI				
1% increase	**(274,783)**	(285,490)	**(274,783)**	(285,490)
1% decrease	**291,305**	274,330	**291,305**	274,330
The following is the sensitivity analysis of the change in the value of the collective investment schemes as a result of changes in the unit prices. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:				
Unit price				
5% increase	**103,508**	114,598	**103,508**	114,598
5% decrease	**(103,508)**	(114,598)	**(103,508)**	(114,598)

29. FINANCIAL INSTRUMENTS (continued)

The following is the sensitivity analysis of the change in the value of the Sanlam shares as a result of changes in share price. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on equity and on profit or loss is:

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
	Equity N$'000	Equity N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000
Share price				
5% increase	**45**	53	**67**	77
5% decrease	**(45)**	(53)	**(67)**	(77)

29.7 Capital management

The Group manages the total shareholders' equity and debt as capital. Capital consists of ordinary share capital, development fund, reserve fund and debt. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
The Group manages the following as capital:				
Ordinary share capital	**1,065,000**	1,065,000	**1,065,000**	1,065,000
Reserve fund	**1,816,305**	1,865,798	**1,816,305**	1,865,798
Development fund	**6,835,568**	7,978,090	**6,665,576**	7,819,444
Debt	**4,365,296**	4,241,663	**4,365,304**	4,241,671
	14,082,169	15,150,551	**13,912,185**	14,991,913

The major items that impact the capital include:

- The revenue received from electricity sales which is a function of price and sales volumes and the cost of funding the business;
- The cost of operating the electricity business;
- The cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation);
- Interest paid;
- Taxation and
- Dividends.

The NamPower treasury section, within the Finance business unit is tasked with the duties of managing the Group's short-term and long term capital requirements. The treasury section fulfils these functions within the framework that has been approved by the NamPower Board of Directors consisting of and not limited to an overall treasury policy, a hedging policy and investment policy.

Under NamPower's current debt portfolio consisting of local and foreign denominated loans, certain covenants are imposed on NamPower's capital requirements. These covenants being a minimum debt service cover ratio of 1.4, debt to EBITDA of a maximum of 4 and a maximum debt equity ratio of 65:35. The Company maintained the required covenants for the year under review as follows: debt service cover ratio of 0.87 (2021: 1.63), debt to EBITDA of -78.8 (2021: -13.9) and a debt equity ratio of 1.5% (2021: 2.4%). These covenants are used for forecasted financial planning to ensure and manage the loan conditions set. The Group also maintains a credit rating as affirmed by Fitch for foreign currency long-term as BB and national long-term rating AAA(zaf).

The tariff increases for the electricity business is subject to the process laid down by the Electricity Control Board (ECB). The current regulatory framework applicable to the Group is based on historical cost and depreciated replacement cost for Generation and Transmission assets respectively.

The electricity business is currently in a major expansion phase. There is national consensus that the capital expansion programme continues. The funding related to new generating, transmitting and other capacity is envisaged to be obtained from cash generated by the business, shareholder support and funds borrowed on the local and overseas markets. The adequacy of price increases allowed by the regulator and the level and timing of shareholder support are key factors in the sustainability of the Group.

There were no changes to the Group's approach to capital management during the financial year.

29. FINANCIAL INSTRUMENTS (continued)

29.8 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements. The column 'net amount' shows the impact on the Group's statement of financial position if the set-off rights were exercised.

	Effects of offsetting on the statement of financial position		
	Gross amounts	**Gross amounts set off in the balance sheet**	**Net amounts presented in the balance sheet**
Consolidated and Company	**N$'000**	**N$'000**	**N$'000**
2022			
Financial liabilities			
Interest bearing loans and borrowings	**530,513**	**-**	**530,513**
Total	**530,513**	**-**	**530,513**
2021			
Financial liabilities			
Interest bearing loans and borrowings	760,774	-	760,774
Total	760,774	-	760,774

30. NOTES TO THE STATEMENTS OF CASH FLOWS

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
30 (a) CASH (UTILISED)/GENERATED BY OPERATIONS					
(Loss)/profit before net finance income		**(2,317,393)**	1,098,716	**(2,317,393)**	1,098,716
Adjustments for:					
- Dividend received from listed and unlisted investment	**26.**	**(67)**	(872)	**(67)**	(872)
- Interest capitalised		**(2,471)**	(2,137)	**(2,471)**	(2,137)
- Net movement in currency swap valuations on interest bearing loans and borrowings	**26(g)**	**(5,739)**	(10,945)	**(5,739)**	(10,945)
- Effect of exchange rate fluctuations on cash held		**51,389**	(69,767)	**51,389**	(69,767)
- Fair value gain on interest bearing loans and borrowings		**80**	81	**80**	81
- Movement in interest rate and cross currency swaps	**26(g)**	**5,781**	9,719	**5,781**	9,719
- Fair value (gain)/loss on firm commitments	**26(g)**	**687**	(2,611)	**687**	(2,611)
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	**26(g)**	**1,006,661**	(1,356,165)	**1,006,661**	(1,356,165)
- Coal valuation		**(5,428)**	3,440	**(5,428)**	3,440
- Fair value movements on investment properties	**26.**	**(233)**	2,057	**(233)**	2,057
- Movement in expected credit loss on trade and other receivables	**13.**	**34,122**	(60,633)	**34,122**	(60,633)
- Movement in expected credit loss on investments	**11.**	**(680)**	(63,650)	**(680)**	(63,650)
- Movement in expected credit loss on loans receivable	**10.**	**(608)**	103	**(608)**	103
- Depreciation on property, plant and equipment	**6.**	**1,377,866**	876,729	**1,377,866**	876,729
- Fair value movements on investments		**(22,581)**	(63,972)	**(22,581)**	(63,972)
- Amortisation on intangible assets	**9.**	**12,160**	8,951	**12,160**	8,951
- Government grant recognised in income	**26.**	**(8,863)**	(8,864)	**(8,863)**	(8,864)
- Gain on disposal of property, plant and equipment	**26.**	**(2,779)**	(4,531)	**(2,779)**	(4,531)
- Transfer to transmission system	**6.**	**(32,384)**	(34,977)	**(32,384)**	(34,977)
- Impairment losses on property, plant and equipment revaluation	**6.**	**-**	111,334	**-**	111,334
Cash flows generated from operations		**89,520**	432,006	**89,520**	432,006

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
Changes in working capital:					
Movement in accrued interest payable		**(7,035)**	(13,536)	**(7,035)**	(13,536)
Fair value movements on forward exchange contracts	**21.1**	**(50,078)**	44,392	**(50,078)**	44,392
Movement in non-current retention creditors	**20.4**	**63,161**	5,213	**63,161**	5,213
Movement in deferred revenue liability	**30 (f)**	**(58,920)**	19,137	**(58,920)**	19,137
Movement in employee benefit obligations	**22.**	**29,965**	(12,055)	**29,965**	(12,055)
- Employee benefits paid - defined benefit obligation	**22.1.2 & 22.2.2**	**20,017**	3,902	**20,017**	3,902
- Movement in employee benefits	**22.1.2 & 22.2.2**	**(36,536)**	36,275	**(36,536)**	36,275
Transfer to intangible assets	**9.**	**2,305**	18,549	**2,305**	18,549
Movement in inventories	**12.**	**33,611**	(34,222)	**33,611**	(34,222)
Movement in trade and other receivables	**30 (e)**	**(526,729)**	426,314	**(526,729)**	426,314
Movement in trade payables	**30 (g)**	**90,497**	66,444	**90,497**	66,444
		(350,223)	992,419	**(350,223)**	992,419

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

30 (b) TAXATION PAID

Amount from/(due) to the Receiver of Revenue at beginning of year	**33,780**	(24,078)	**33,780**	(24,078)
Current taxation	**-**	(229,403)	**-**	(229,403)
Taxation paid	**-**	287,261	**-**	287,261
Amount due to the Receiver of Revenue at end of year	**33,780**	33,780	**33,780**	33,780

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
30 (c) INTEREST RECEIVED FROM OPERATING AND INVESTING ACTIVITIES					
Interest received from operations and customers		**71,612**	52,335	**71,612**	52,335
Interest received from investments		**336,040**	411,025	**336,040**	411,025
Reinvested interest		**189,283**	192,603	**189,283**	192,603
Accrued interest		**(45,162)**	(55,334)	**(45,162)**	(55,334)
Finance income	24.	**551,773**	600,629	**551,773**	600,629
30 (d) INTEREST PAID					
Interest paid		**(55,340)**	(93,669)	**(55,340)**	(93,669)
Accrued interest		**7,035**	10,552	**7,035**	10,552
Finance cost	24.	**(48,305)**	(83,117)	**(48,305)**	(83,117)
30 (e) TRADE AND OTHER RECEIVABLES					
Movement in trade and other receivables		**492,607**	(365,681)	**492,607**	(365,681)
Impairment loss on trade and other receivables		**34,122**	(60,633)	**34,122**	(60,633)
		526,729	(426,314)	**526,729**	(426,314)
30 (f) DEFERRED REVENUE LIABILITY					
Movement in deferred revenue liability		**(67,783)**	10,273	**(67,783)**	10,273
Government grant recognised in income		**8,863**	8,864	**8,863**	8,864
		(58,920)	19,137	**(58,920)**	19,137

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
30 (g) TRADE AND OTHER PAYABLES					
Movement in trade and other payables		**90,497**	66,444	**90,497**	66,444
		90,497	66,444	**90,497**	66,444
30 (h) CASH RECEIPTS FROM CUSTOMERS					
Electricity sales		**6,506,042**	6,549,907	**6,506,042**	6,549,907
Movement in gross trade receivables		**(416,578)**	552,587	**(416,578)**	552,587
		6,089,464	7,102,494	**6,089,464**	7,102,494
30 (i) INTEREST BEARING LOANS AND BORROWINGS					
Balance at 1 July		**760,774**	1,428,594	**760,774**	1,428,594
Cashflows		**(212,072)**	(633,486)	**(212,072)**	(633,486)
Net swap valuations		**(5,739)**	(10,945)	**(5,739)**	(10,945)
Interest capitalised on loan		**493**	617	**493**	617
Accrued interest		**(13,023)**	(24,087)	**(13,023)**	(24,087)
Fair value gain on interest bearing loans and borrowings		**80**	81	**80**	81
Balance at 30 June		**530,513**	760,774	**530,513**	760,774
30 (j) LOANS RECEIVABLE					
Repayment of loans receivable		**2,425**	1,697	**2,425**	1,697
		2,425	1,697	**2,425**	1,697

30 (k) The Group held cash and cash equivalents of N$1.8 billion at 30 June 2022 (2021 - Restated: N$1.8 billion). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated for foreign currency long-term as BB and national long-term rating AAA(zaf), based on Fitch ratings.

31. PRIOR PERIOD RESTATEMENT

(i) The Group has previously presented amounts of Value Added Tax ("VAT") receivable and payable separately in trade and other receivables and in trade and other payables, respectively. The Group has the legal right to settle (or claim) these balances on a net basis, has historically done so and will continue to do so. Accordingly, such balances should have been presented on a net (rather than gross) basis. Amounts previously reported have been restated to correct the presentation.

(ii) The composition of cash and cash equivalents as reflected in the statement of financial position and in the statement of cash flows was re-evaluated during the current financial year. Upon such re-assessment, balances invested in money market funds previously included in cash and cash equivalents having to be amended through reclassifying these balances, and amounts invested thereto and withdrawn therefrom into the correct financial statement line items for presentation purposes in the statement of financial position and cash flows, respectively. In addition, dividends received from the investments in these money market funds were previously included in the "Cash (utilised in)/generated from operations" line item in the statement of cash flows. However, since these dividends are automatically reinvested in the respective funds, it is not appropriate to include these dividends as cash items in the statement of cash flows. These reclassification adjustments had no impact on previously reported profits or on the earnings of the group as previously stated. The reclassifications also had no impact on the liquidity of the group as it merely relates to the IAS 7 definition of cash and cash equivalents and its relating impacts on the statement of financial position and the cash flows, respectively.

(iii) In the prior year, a mathematical error was made resulting in a misstatement of the "Cash (utilised in)/generated from operations", "Cash paid to suppliers and employees", "Interest received" and "Interest paid" line items in the statement of cash flows. These amounts are therefore being corrected by restating the amounts previously reported.

31. PRIOR PERIOD RESTATEMENT (continued)

31.1 Statements of Financial Position

	Reference	CONSOLIDATED AND COMPANY		
		Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Statement of financial position at 30 June 2021 (extract)				
Assets				
Total current assets				
Trade and other receivables	(i)	1,247,640	(158,341)	1,089,299
Investments	(ii)	5,316,879	2,054,029	7,370,908
Cash and cash equivalents	(ii)	3,833,191	(2,054,029)	1,779,162
		10,397,710	**(158,341)**	**10,239,369**
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,324,260	(158,341)	1,165,919
		1,324,260	**(158,341)**	**1,165,919**
Statement of financial position at 30 June 2020 (extract)				
Assets				
Total current assets				
Trade and other receivables	(i)	1,565,506	(110,526)	1,454,980
Investments	(ii)	5,948,250	1,534,289	7,482,539
Cash and cash equivalents	(ii)	2,910,025	(1,534,289)	1,375,735
		10,423,781	**(110,526)**	**10,313,254**
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,210,007	(110,526)	1,099,481
		1,210,007	**(110,526)**	**1,099,481**

31.2 Statement of cash flow for the year ended 30 June 2021

Certain items were reclassified during the current year under review in accordance with the presentation requirements of IAS 7. The impact on the statements of cash flow is summarised below:

		CONSOLIDATED AND COMPANY		
		Previously reported	Impact of changes	Restated
	Reference	N$'000	N$'000	N$'000
Cash flows from operating activities				
Cash receipts from customers		7,102,494	-	7,102,494
Cash paid to suppliers and employees	**(iii)**	(6,173,157)	63,082	(6,110,075)
Cash generated/(utilised) from operations	**31.2.1**	**929,337**	**63,082**	**992,419**
Interest received		52,335	-	52,335
Taxation paid		(287,261)	-	(287,261)
Net cash from operating activities		**694,411**	**63,082**	**757,493**
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		5,118	-	5,118
Acquisitions of intangible assets		(18,748)	-	(18,748)
Extension and replacement of property, plant and equipment to maintain operations		(660,262)	-	(660,262)
Interest received	**(ii) and (iii)**	548,294	(137,269)	411,025
Dividend received		872	-	872
Proceeds from collective investment schemes		230,000	-	230,000
Proceeds from fixed deposits and treasury bills		4,080,680	-	4,080,680
Proceeds from money market funds	**(ii)**	-	20,000	20,000
Payments for collective investment schemes		(275,000)	-	(275,000)
Payments for fixed deposits and treasury bills		(3,037,060)	-	(3,037,060)
Payments for money market funds	**(ii)**	-	(455,000)	(455,000)
Proceeds from loans receivable		1,697	-	1,697
Net cash used in investing activities		**875,591**	**(572,269)**	**303,322**

31. PRIOR PERIOD RESTATEMENT (continued)

	Reference	CONSOLIDATED AND COMPANY		
		Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Cash flows from financing activities				
Interest paid	(iii)	(83,117)	(10,552)	(93,669)
Repayments		(633,486)	-	(633,486)
Net cash used in financing activities		**(716,603)**	**(10,552)**	**(727,155)**
Net increase in cash and cash equivalents		853,399	(519,739)	333,660
Cash and cash equivalents at 1 July		2,910,025	(1,534,290)	1,375,735
Effect of exchange rate fluctuations on cash held		69,767	-	69,767
Cash and cash equivalents at 30 June		**3,833,191**	**(2,054,029)**	**1,779,162**

31.2.1 Note to the statement of cash flow

	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Cash generated from operations				
Profit before net finance income		1,098,716	-	1,098,716
Adjustments for:				
- Dividend received from unlisted investments		(872)	-	(872)
- Interest capitalised / reinvested interest	(iii)	(110,665)	108,528	(2,137)
- Net movement in currency swap valuations on interest bearing loans and borrowings		(10,945)	-	(10,945)
- Effect of exchange rate fluctuations on cash held		(69,767)	-	(69,767)
- Fair value gain on interest bearing loans and borrowings		81	-	81
- Movement in interest rate and cross currency swaps		9,719	-	9,719
- Fair value (gain)/loss on firm commitments		(2,611)	-	(2,611)
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)		(1,356,165)	-	(1,356,165)
- Coal valuation		3,440	-	3,440

31.2.1 Note to the statement of cash flow (continued)

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
- Fair value movements on investment properties		2,057	-	2,057
- Movement in expected credit loss on trade and other receivables		(60,633)	-	(60,633)
- Movement in expected credit loss on investments		(62,986)	(664)	(63,650)
- Movement in expected credit loss on loans receivable		103	-	103
- Depreciation on property, plant and equipment		876,729	-	876,729
- Fair value movements on investments		(63,972)	-	(63,972)
- Amortisation on intangible assets		8,951	-	8,951
- Government grant recognised in income		(8,864)	-	(8,864)
- Gain on disposal of property, plant and equipment		(4,531)	-	(4,531)
- Transfer to transmission system		(34,977)	-	(34,977)
- Impairment losses on property, plant and equipment revaluation		111,334	-	111,334
Cash flows generated from operations		324,142	107,864	432,006
Changes in working capital:				
Movement in accrued interest payable	**(iii)**	(24,088)	10,552	(13,536)
Movement in accrued interest receivable	**(iii)**	55,334	(55,334)	-
Fair value movements on forward exchange contracts		44,392	-	44,392
Movement in non-current retention creditors		5,213	-	5,213
Movement in deferred revenue liability		19,137	-	19,137
Movement in employee benefit obligations		(12,055)	-	(12,055)
- Employee benefits paid - defined benefit obligation		3,902	-	3,902
- Movement in employee benefits		36,275	-	36,275
Transfer to intangible assets		18,549	-	18,549
Movement in inventories		(34,222)	-	(34,222)
Movement in trade and other receivables	**(i)**	378,500	47,814	426,314
Movement in trade payables	**(i)**	114,258	(47,814)	66,444
		929,337	**63,082**	**992,420**

32. CONTINGENT LIABILITY

Litigation is in process against the Group relating to a dispute with a customer which is suing the Group for a breach of contract. The Group's lawyers have advised that they do not consider that the claim has merit and there is reasonable to good prospects of success in having the claim dismissed. The possible total loss has been estimated at N$291.0 million.

No provision has been made in the period under review as the Group does not consider that there is any probable loss.

33. SEGMENT REPORTING

Business unit segments

Reportable segments are determined based on the internal management reports provided quarterly to the Executive Committee (EXCO). The Group has three reportable segments, as described below, which are the Group's core business units. The core business units offer different services, and are managed separately because they require different expertise and marketing strategies.

The measure of profit/(loss) used by EXCO is profit/(loss) before tax.

The following summary describes the operations in each of the Group's reportable segments:

Generation: Supply of energy
Transmission: Transmission of energy
Support Services, including Energy Trading and Power Systems Development:

Energy Trading is responsible for the short, medium and long term planning and management of energy.

Power Systems Development is responsible for the development of supply sources of energy.

Other support services include Distribution of energy, Corporate Services, Finance and the Office of the Managing Director.

33.1 Information about reportable business units

Amounts in N$'000
Total revenues
Intersegment revenue
Revenue from external customers
Cost of electricity
Interest Income
Interest expense
Depreciation and amortisation
Impairment
Staff costs
Post retirement medical benefit
Foreign exchange gains on trade payables/receivables, bank balances and loans payable
Foreign exchange losses on trade payables/receivables, bank balances and loans payable
Share of loss of associates, net of taxation
Segment result (before tax)
Taxation

	Generation		Transmission		Support Services		Total
2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
554,647	619,469	**6,648,531**	6,396,240	**4,916,305**	5,030,790	**12,002,635**	12,046,500
(554,647)	(619,469)	**(794,056)**	(786,951)	**(4,264,738)**	(4,090,173)	**(5,496,593)**	(5,496,593)
-	-	**5,854,475**	5,609,290	**651,567**	940,617	**6,506,042**	6,549,907
-	-	**-**	-	**(5,075,449)**	(4,457,840)	**(5,075,449)**	(4,457,840)
-	-	**62,166**	39,126	**489,607**	561,503	**551,773**	600,629
(664)	(3,309)	**(54,676)**	(77,553)	**7,035**	(2,255)	**(48,305)**	(83,117)
(497,708)	(348,165)	**(716,877)**	(461,893)	**(175,441)**	(75,623)	**(1,390,026)**	(885,681)
-	-	**-**	(104,544)	**-**	(6,790)	**-**	(111,334)
(197,197)	(201,311)	**(370,971)**	(380,658)	**(424,378)**	(418,717)	**(992,546)**	(996,642)
(5,953)	(5,996)	**(12,494)**	(12,584)	**(13,378)**	(13,475)	**(31,825)**	(32,055)
-	-	**-**	-	**352,387**	131,763	**352,387**	131,763
-	-	**-**	-	**(137,391)**	(288,594)	**(137,391)**	(288,594)
-	-	**-**	-	**11,346**	28,285	**11,346**	28,285
765,135	629,089	**(4,206,677)**	(4,450,566)	**1,638,963**	5,465,554	**(1,802,579)**	1,644,076
-	-	**-**	-	**-**	-	**590,188**	(437,513)

33.2 Geographical information on the Group's revenue from customers by geographical area are:

	2022 N$'000	2021 N$'000
Domestic- Namibia	**6,168,556**	5,913,782
Regional Exports/ Cross border customers		
Angola	**194,781**	188,835
Botswana	**80,524**	84,510
South Africa	**10,864**	10,994
SAPP Market	**51,317**	351,786
	6,506,042	6,549,907

33.3 Information about major customers

Included in total segment revenue arising from the sale of electricity, extension charges, SAPP market sales and contribution by customers of N$6.5 billion (2021: N$6.5 billion) (see note 31.1 above) are revenues of approximately N$3.0 billion (2021: N$3.0 billion) which arose from electricity sales to the Group's three largest customers. No other single customers contributed 10% or more to the Group's revenue for both 2022 and 2021 financial years.

NOTES

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